

# Facts About Life 2005

## Americans Value Life Insurance But Are Underinsured

Facts From LIMRA International for  
Life Insurance Awareness Month, September 2005

### Life insurance is important to American families.

- Almost three fourths of Americans agree that life insurance is the best way to protect against premature death of a primary wage earner.
- Life insurance beat out all other sources of financial assets or income that Americans expect to use to help pay bills and to maintain their lifestyle if the primary wage earner dies.

### Millions of Americans have no life insurance coverage.

- Twenty-four million U.S. households (22 percent) have no life insurance protection at all.
- Even among households with individual life insurance, almost half of them carry coverage on only some household members.
- Almost one third of adults have no life insurance protection, the same as for the past two decades.

### Many Americans recognize they are underinsured.

- Forty-four percent of all U.S. households (48 million) either don't own life insurance and believe they should, or own life insurance and believe they need more. Among those that already own some life insurance, 40 percent believe they don't have enough.
- Even one third of more affluent households (\$100,000 or more household income) say they need more life insurance.
- One third of U.S. households named an adult male needing more life insurance and almost one third said an adult female needed more.
- On average, households saying they need more insurance own enough life insurance to replace their income for 3.6 years, but thought they should have enough to cover 5.7 years of income. This large gap in coverage between what consumers actually own and what they believe they need averages \$200,000 of additional life insurance needed per household.

### Many U.S. households would be inadequately prepared if the primary wage earner died.

- One fourth feel they do not have a plan in place to provide a decent standard of living for their family if they died tomorrow.
- Approximately 12 percent would immediately have trouble meeting everyday living expenses, and another 15 percent would have difficulty keeping up with expenses after several months.



## **Many who are underinsured expect to purchase life insurance in the next 12 months, but most will not.**

- More than one fourth of all U.S. households, and 45 percent of households that believe they are underinsured say they are likely to buy life insurance in the next year.
- A LIMRA study that looked at people's opportunity to buy life insurance, found that in any given year only about 1 in 10 U.S. households actually buy life insurance.

## **What keeps the underinsured from buying?**

- Three fourths of Americans needing more insurance think they can't afford the premium despite the fact that many are only in their mid-30s and could buy term insurance for a modest sum.
- Consumers feel buying life insurance is an important and complex financial decision. Half of them find it difficult to decide how much to buy and 43 percent worry about making the wrong decision.
- Half just procrastinate — admitting they have just not gotten around to it, and almost one third said no one has approached them about coverage.
- Twenty percent find it too unpleasant to think about dying.

## **Americans want professional help.**

- Twenty-nine percent of Americans would like to discuss life insurance with a financial professional.
- Seventy percent of Americans agree "it would be useful to periodically review the terms, provisions, and options of current life insurance policies".
- One third of Americans with life insurance would like to review their coverage every year or two and almost one half want a review within five years.

## **Many Americans have no financial professionals to turn to.**

- More than three-fourths of American households do not have a personal life insurance agent or broker.
- Almost three-fourths do not have a personal financial advisor or planner.
- More than one fourth of Americans feel they have not received any information about life insurance that relates to their needs.

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All facts are from LIMRA International's *Life Insurance Ownership Study*.

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