

# Facts About Life 2017

Facts from LIMRA

Life Insurance Awareness Month, September 2017

**More than half of Americans (172 million) have some form of life insurance coverage (individual and/or group), 8 million more than in 2010, according to LIMRA's 2016 U.S. Ownership Study.**

## Who owns life insurance?

- Fifty-four percent of Americans own some sort of life insurance (individual and/or group), which is one percent higher than in 2010.
- For the first time ever, more people own group life insurance than individual life insurance (34 percent vs. 32 percent).
- More adults under 45 own life insurance in 2016, while ownership of those over age 45 has declined (driven by a decline in individual ownership for people 45-64).
- Men continue to be more likely to own life insurance at 62 percent, compared with 56 percent of women.
- The gap between husbands and wives is even more pronounced. Seventy-one percent of husbands own life insurance, while just 63 percent of wives do.
- The majority of Millennials own life insurance, which is considerably higher than in 2010 (54 percent vs. 47 percent).
- Forty percent of children under 18 own life insurance, a nine percentage point increase from 2010.

## Do they have enough?

- Nearly one in three Americans believe they need more life insurance.
- While the mean life insurance coverage amount has increased six percent and equals \$168,000, the number of years of income replacement has declined to 3.4 years. In general, industry experts recommend individuals have enough life insurance to replace 7 years of income.
- Despite the fact that women's income replacement ratio has declined, it remains higher than men's (3.5 years for women vs. 3.4 years for men).
- Nearly 40 percent of Americans say they wish their spouse or partner had more life insurance coverage, a 10 percent increase since 2011. Half of married millennials wish their spouse had more life insurance.
- Insufficient coverage has grave consequences for countless families. More than half of consumers say they would have immediate or near immediate trouble paying living expenses if their primary wage earner died.

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## Why do Americans own life insurance?

- The top three reasons Americans give for owning life insurance is:
  - Cover burial and final expenses (85 percent)
  - Help replace lost wages/income of a wage earner (67 percent)
  - Transfer wealth or leave an inheritance (63 percent)
- More Americans also view life insurance as a good vehicle to supplement retirement income. In 2011, only 38 percent of Americans said their life insurance would supplement their retirement income, compared with 52 percent today.

## What prevents people from owning life insurance?

- The two primary explanations that Americans give for not owning life insurance is that they think it is too expensive and they have other financial priorities.
- Those financial priorities include: paying living expenses, building savings, managing debt and/or saving for retirement.
- More than 4 in 10 consumers say they haven't purchased life insurance because they don't know how much they need or what type to buy.
- More than a quarter of Americans believe they would not qualify for insurance.
- Almost half of millennials say that they don't buy life insurance because they haven't been approached by a life insurance agent.

## Reaching Consumers:

- Forty-five percent of American households say they are likely to buy life insurance in the next 12 months. This is most likely among people under age 45 and/or married couples with children.
- The most important factor for Americans when buying life insurance is that it is easy to understand (83 percent).
- More than one-third (35 percent) of married couples with dependent children want to speak with a financial professional about their life insurance needs.
- Across all age groups and income levels, insured households said they want to review their life insurance coverage annually. This is significantly higher than in 2010.

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## 2017 Life Insurance Awareness Month

### How technology is changing the game:

- Nearly half of Americans continue to want to work with a financial professional when purchasing life insurance, however advances in technology are playing a role in the buying process.
- More Americans are using the internet when shopping for life insurance. In 2015, 71 percent of consumers researched life insurance online, compared with just 38 percent in 2006.
- In 2016, 32 percent of Americans purchased or attempted to purchase life insurance online, three times as many as in 2011.
- Thirty percent of millennials would prefer to purchase life insurance completely online and 42 percent have visited the website of a life insurance company in the past year.
- Whether it's online or through an agent or advisor, nearly two thirds of consumers believe simplified issued life insurance offers an unbiased, transparent option that is quick and easy.
- Seven in 10 consumers indicate they are interested in purchasing life insurance priced by using data in lieu of a physical exam.
- Half of North American carriers have automated underwriting initiatives that would allow consumers to purchase life insurance without a physical exam. Another 41 percent are in the planning stages.

**All facts are from several of LIMRA's life insurance consumer studies.  
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