

Facts About Life 2013

With disposable income at an all-time low, American families have to make difficult decisions on what financial priorities take precedence. Unfortunately, life insurance is not at the top of the list.



2013 Life Insurance Awareness Month

Life Insurance Ownership/Coverage Remains Low

- Thirty percent of U.S. households have no life insurance at all; only 44 percent have individual life insurance.
- Fifty percent of U.S. households (58 million) say they need more life insurance.
- The average amount of coverage for U.S. adults has declined to (167,000) , down \$30,000 from the average coverage in 2004.
- While 4 in 10 households with children under 18 now include a mother who is either the sole or primary earner for her family yet, among women who have life insurance, their coverage is only 69 percent of the average coverage on men.

Other Financial Priorities Compete with Life Insurance

- “Everyday expenses” such as energy costs, food, clothing and transportation were cited by more than half of consumers surveyed as limits on ability to save for financial goals.
- When surveyed on financial issues, “money for a comfortable retirement” was the top pick of 67 percent of consumers. By contrast, concerns that life insurance coverage traditionally addresses (such as premature death, funeral expenses and leaving an inheritance) registered as a top priority for less than 40 percent of consumers surveyed.
- Consumers who believe they need life insurance, 86 percent haven’t bought it because they think it is too expensive.
- Middle-income consumers are more concerned with reducing debt and having more money for retirement than other income groups



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Reasons Consumers Shop for Life Insurance

- Among the triggers to shop for life insurance, 41 percent of recent shoppers say life events (marriage, children, buying a house, etc.) motivated them to shop for life insurance.
- Among consumers who said they wanted to review their coverage or thought they might need more, half shopped for life insurance.
- When life insurance is suggested (either by a financial professional or through advertising) 37 percent of people surveyed shopped for life insurance.

How Consumers Prefer to Shop for Life Insurance

- While face-to-face is still the most preferred method for buying life insurance, 86 percent of consumers would use the Internet to research life insurance before purchasing. Only 16 percent of consumers would prefer to buy insurance completely online.
- About 2 in 10 households say they prefer to buy life insurance through the workplace in the future. Top reasons given include :
 - View it as an easy and convenient way to buy (33 percent)
 - Believe it will cost less or be a better value (26 percent)
 - Trust their employers (20 percent)
 - Like the ability to have premiums deducted from their paychecks (13 percent)
- Among households saying they are likely to buy life insurance in the next 12 months, 35 percent say the reason they have not yet bought more life insurance is because no one has approached them about it.

Looking Ahead

- Only eight percent of consumers consider themselves very/extremely likely to purchase life insurance in the next year.
- Emerging as a trend: nearly 2 in 10 consumers are willing to purchase life insurance through retail outlets like warehouse clubs and superstores.
- Over the next 20 years Hispanics are projected to grow three times more than any other ethnic group in the U.S. In terms of life insurance, nearly half of Hispanics surveyed said they are concerned about financial protection if they should die suddenly (compared with 37 percent of the general population citing this as a top concern)

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