

Facts from LIMRA Life Insurance Awareness Month, September 2014



Six years after the latest economic downturn, growth in the United States remains sluggish. Americans by and large aren't saving much money and many households are still mired in debt. Many see value in life insurance, but less than half have individual life insurance policies.

Ownership Remains Low

Less than half of middle market consumers ages 25 to 64 have individual life insurance coverage. Forty-four percent of those without life coverage say they need it, and 3 in 10 think they might buy in the next year. Generation Y consumers are the most likely to purchase life insurance.

Retirement Needs and Other Financial Priorities Take Precedence

Despite not saving much, American adults consistently rank having enough money for a comfortable retirement a high priority, according to LIMRA research. Almost 70 percent of consumers say required cost-of-living expenses are keeping them from buying some or more life insurance. More than 50 percent say additional living expenses, such as Internet, cable and cell phone costs prevent them from purchasing life insurance.

Education is a Chief Concern

There is a lot to learn — less than one quarter of middle-market consumers are comfortable with their level of financial knowledge. More than three quarters believe they would benefit from the close guidance of financial-services professionals.

The Reality of Loss is Universal

One third of Americans believe they would feel the financial impact from the loss of a primary wage earner within a month of the wage earner's passing. Half say they would feel an impact within six months. Younger people say they'd feel an impact sooner than older people.

The most commonly cited reason for not purchasing more is cost (63 percent cited "too expensive")

This is particularly true among younger consumers, who are generally more likely to qualify for preferred rates because of their age and health status.

Interestingly, a recent LIMRA/ Life Happens study found that consumers overestimate the cost of life insurance by nearly three-fold.

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Why People Shop for Life Insurance

Four in ten life insurance shoppers are prompted to start shopping for life insurance by life events — getting married or divorced, having or adopting a child, buying a home, or experiencing the death of a relative or close friend. The most important reason consumers cite for shopping for life insurance is either to replace their income (42 percent) or to pay for burial and other final expenses.

Decisions Consumers Find Difficult

Many consumers struggle with different elements of the decision process when shopping for life insurance. Fifty-four percent of consumers are most concerned with determining whether they are getting their money's worth. They also find understanding the policy details and knowing how much coverage to buy challenging.

How People Prefer to Buy Life Insurance

Most people still prefer to purchase life insurance face-to-face with a financial advisor or agent, but one in four people under the age of 45 say they prefer to apply for it online.

It's Important for Advisors and Companies to Reach Out

A large portion of people procrastinate when it comes to shopping for life insurance – not knowing what kind of life insurance they should buy or how much coverage they need. Only about one third of adults have someone they consider their agent or financial advisor, who could help them determine what they need. Research shows an advisor's ability to educate, listen and develop trust are the qualities most desired by consumers.

All facts are from LIMRA's life insurance consumer studies

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