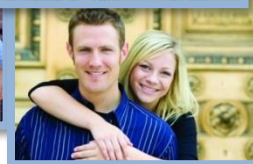


Facts About Life 2016

Facts from LIMRA

Life Insurance Awareness Month, September 2016



While more American households have insurance, many still need life insurance:

- In 2016, there are nearly 5 million more U.S. households that have life insurance coverage, compared with 2010 results. However, 30 percent of households (37.5 million) remain uninsured.
- There are 3.1 million more households with individual life insurance than in 2010, a 6 percent increase from 2010. However, the individual life insurance market penetration remained steady. Only 44 percent of U.S. households have individual life insurance, equal to the 50-year low set in 2010.
- Approximately 50 million households recognize they need more life insurance (40 percent of households).

More Millennials own life insurance

- Overall, 70 percent of Millennials own some life insurance (individual, group or both) - 10 percentage points higher than in 2010. In addition, Millennials' ownership of individual life insurance has increased 48 percent since 2010.
- The top three reasons Millennials own life insurance is to pay for final expenses (funeral, burial, etc.): 49 percent; to replace income: 35 percent; and to pay off mortgage: 22 percent. This aligns with the general population.
- Sixty-five percent of Millennial households say they are likely to buy life insurance within the next 12 months, 29 percentage points higher than in 2010.
- Millennials are as likely to have bought life insurance face-to-face as other age groups but Millennials are more likely to have bought life insurance through other channels as well. The ability to purchase life insurance at their workplace is a plus for Millennials – and improves the likelihood that they will purchase life insurance.

Facts About Life 2016

2016 Life Insurance Awareness Month

More households with children under 18 have life insurance

- One and five households with children under age 18 are uninsured in 2016, which is 3.7 million fewer households, compared with 2010 results.
- Of those families who have no life insurance coverage, 73 percent recognize they need life insurance and 62 percent say they would be in immediate financial trouble if a primary wage earner died.
- Two-thirds of the households said they were likely to purchase life insurance within the next 12 months.

Life insurance coverage adequacy has declined – Market need exceeds \$12 trillion

- In 2016, there was a significant decline in life insurance coverage adequacy for U.S. households. In 2010, those insured had coverage to replace their income for 3.5 years. Today that has dropped to 3 years, which is far lower than most industry recommendations.
- Across all age groups under 65, the income replacement rate (# of years covered) has declined.
- Using LIMRA's Life Insurance Needs Model, LIMRA estimates that 48 percent of households (60 million) have a life insurance coverage gap of \$200,000 on average, which amounts to more than \$12 trillion in total market need.
- Among households with children under 18, 4 in 10 say they would immediate financial trouble if a primary wage earner died today.
- Another 3 in 10 would have trouble keeping up with basic living expenses after several months
- Overall, 7 in 10 of all households said they would have trouble covering everyday living expenses after several months if the primary wage earner died.
- Forty-eight percent of households need more life insurance based on LIMRA's need model. That's 60.1 million families. The average need is close to \$200,000

Facts About Life 2016

2016 Life Insurance Awareness Month

Why don't they buy?

- Eight in 10 households who believe they need more life insurance say they don't buy because of other financial priorities. Or they can't afford it. But prior research shows that, on average, *people estimate life insurance to cost three times what it actually does.*
- Six in 10 say they don't know what to buy or how much they need. One of the biggest obstacles is lack of information (up 23 percent from 2010).
- More households who believe they need more life insurance say the reason they haven't purchased is because they haven't been approached by a financial professional (25 percent in 2010 vs. 35 percent in 2016).

Reaching Consumers:

- Almost half (45 percent) of U.S. households say they are likely to buy life insurance in the next 12 months; an 80 percent increase from 2010. This is most likely among younger households (under age 45) and married couples with children.
- 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.
- The majority of households said they were more likely to buy when advised by trusted financial professional (56 percent).

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