COVID-19 Affected Workers’ Access to Life Insurance Benefits

• According to the 2021 Insurance Barometer study, 27% of adults lost their life insurance coverage in 2020, due to an unplanned loss of employment. Women were more likely than men to report losing their coverage.
• Approximately 1 in 5 adults (21%) with employment-based life insurance coverage reported purchasing additional workplace coverage due to COVID-19.
• Half of workers believe life insurance benefits are more important now because of the pandemic.
• One in four employers that offer life insurance to their employees view the benefit as more important now due to the pandemic. Larger companies are more likely to express this sentiment.

Workers Rely on Workplace Life Insurance to Protect Their Families

• According to the 2021 Insurance Barometer study, 57% of U.S. workers have life insurance through their workplace.
• Approximately two-thirds of employed Americans rely on workplace life insurance (theirs or another family member’s) to meet their life insurance needs. Millennials especially rely on this coverage.
• Three quarters of workers (76%) with children under age 18 count on their workplace life insurance coverage to protect their loved ones.
• More than 8 in 10 U.S. workers are interested in having their employer offer a life insurance benefit — 4 in 10 are extremely interested in workplace coverage.
• Generation X and Millennial workers and those with children under age 18 are the most interested in workplace life insurance.
• More than 4 in 10 workers with middle-income households ($50,000 - $99,999) and nearly half of mass affluent households ($100,000 or more) are highly interested in obtaining life insurance coverage through their workplace.
Workers’ Perceptions About Life Insurance

- When asked, 68% of all workers believe a life insurance benefit is important to them or their families. Overall, women tend to place higher importance on a life benefit than men (71% versus 65%).
- Of the adults that only have life insurance through their employer, over half (55%) believe that the amount they obtain through work provides them with enough coverage. However, the median basic coverage offered at the workplace is either a flat sum of $20,000 or 1x salary, far less than experts recommend.
- Almost half of households (48%) that only have workplace life insurance coverage say their families would struggle financially in less than six months should a wage earner die unexpectedly.
- Just 30% of adults with only workplace life insurance coverage say they are very or extremely knowledgeable about life insurance.
- Many employed Americans are uncertain whether their employer offers a life insurance benefit. Only about 6 in 10 can definitely say whether their employers offer it or not.
- Life insurance products with features that allow employees to keep their coverage (portability, continuation during temporary loss of work) and provide access to family members are most important to employees.

Employers’ and Employees’ Views on Auto-Enrollment and Communication

- Seventy percent of employers with a contributory or 100% employee-paid life benefit are extremely or very interested in automatically enrolling their employees in the coverage.
- Nearly half of employees agree that automatic enrollment in insurance benefits is the best way to protect their financial wellbeing.
- If employers were to automatically enroll employees in a life insurance benefit and begin deducting the cost of the benefit from their paychecks, almost 3 in 10 employees say they would likely keep the benefit, while 44% would first consider the cost.
- Just 4 in 10 workers believe their employer does a good job communicating the life insurance benefit to them.
- Millennial workers are most likely to seek information about their benefits and coverage details from their employer.

All facts are from several of LIMRA’s life insurance workplace benefits studies. Fact sheet may be reproduced in whole or in part if attributed to LIMRA.