

Consumer Sentiment in the Time of COVID-19

October 2020

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0845-1020 (50700-10-407-23001)



Key Findings

Americans' concerns about COVID-19 and the U.S. economy persist in early October. Nearly 3 in 5 adults report being “very” or “extremely” concerned about the virus; and half report this level of concern regarding the economy, while consumer sentiment surrounding *current* economic conditions improved.

- Consumer stress levels remain at or slightly above January's, with the exception of household finances, where stress remains below pre-pandemic levels. Thirty percent of Americans report a high level of finance-related stress in October, down 6 percentage points since January.
- Sentiment surrounding the economy increased 11 percentage points since July: 36 percent of adults have a favorable opinion of the economy in October. Nonetheless, many among the most enthusiastic express concerns about the future, and more consumers report being negatively impacted by the economic downturn.
 - Employed Americans reporting a negative impact to their job security increased 8 percentage points since July.
 - We also see upticks in consumers reporting negative impacts to their ability to plan for retirement and meet their insurance needs.
- Confidence in many sectors of the financial services industry are the highest we've seen since we started capturing this sentiment in 2008.
 - Confidence continues to climb for life, health, and P&C insurers.
 - Confidence in financial professionals remains strong in October, well above pre-Great Recession levels.

About the Research

This special edition of LIMRA's *Consumer Sentiment Survey* updates several of our consumer sentiment tracking metrics, while examining Americans' concerns and experiences related to the COVID-19 pandemic and economic downturn.

Responses: 3,033 (aged 18 or older, weighted to the U.S. general population)
Survey dates: October 1 and 2, 2020

This Moment in History

At the time this study was fielded, 7.3 million+ cases of COVID-19 had been reported in the United States, and 207,699 Americans had died from the virus. Cases were still high in the Midwestern and Western parts of the country, but nationally the new case rate was lower than in July. The President of the United States announced that he tested positive for coronavirus after a busy week of traveling the country for campaign events. Investors were alarmed by the news, and most of the world's stock markets ended the week at a loss. Also in the news was the U.S. job growth rate, which slowed in September, and personal income rates, which fell 2.7 percent in August when supplemental unemployment assistance expired. Four large corporations announced layoffs and furloughs for a combined 60,000 Americans, with more expected soon.

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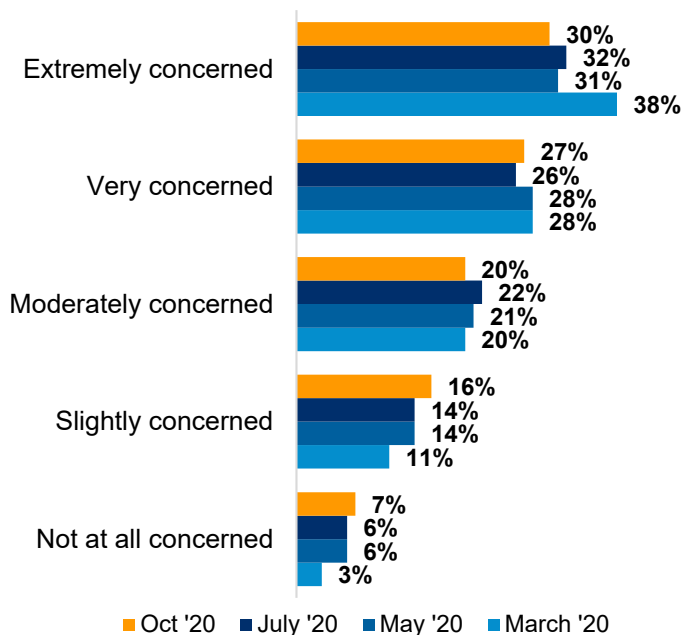
Consumer Sentiment

Consumer Concerns About COVID-19 and the U.S. Economy

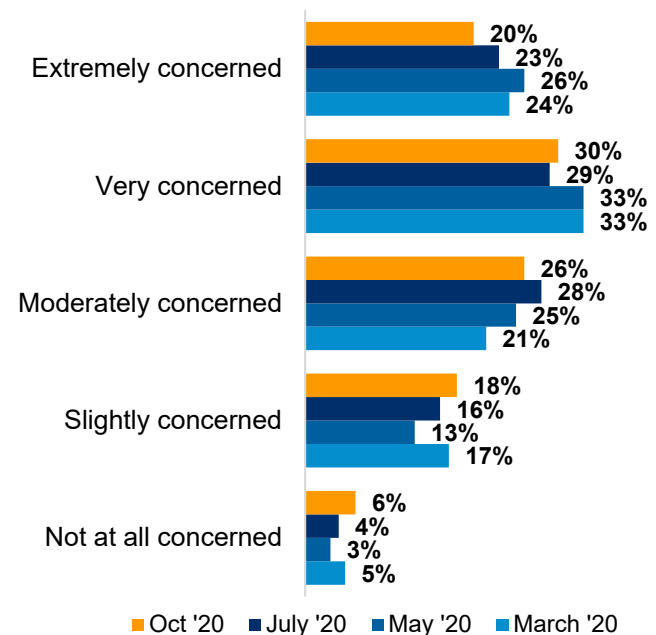
Americans' levels of concern about COVID-19 and the U.S. economy persist in October. Nearly 3 in 5 consumers report being “very” or “extremely” concerned about the virus, and half report this level of concern regarding the economy.

- Gen Z adults are the least concerned age group about the issues: 42 percent are “very” or “extremely” concerned about the virus. With much less at stake and much more time to recover from the downturn, just 28 percent of Gen Z adults show this amount of concern regarding the economy, compared to 55 percent of adults age 40 or older.
- Wealthier Americans express higher levels of concern about the economy. More than 3 in 5 consumers with \$500,000 or more in assets are “very” or “extremely” concerned about the economy, compared to 45 percent of consumers with less than \$50,000 in assets.

COVID-19



The U.S. Economy

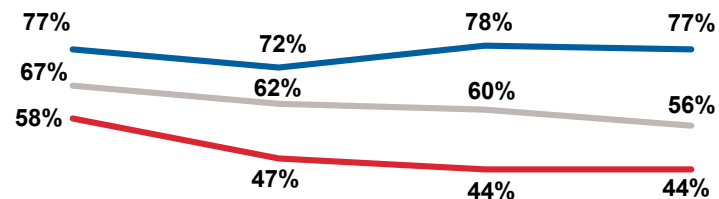


Consumer Concerns About COVID-19 and the U.S. Economy

- Consumer concerns about the gravity of the crisis differ significantly by one's political ideology. Liberals are much more likely than conservatives to be concerned about the virus.
- However, we don't see evidence of increased polarization on the topic of the virus or the economy just days after a contentious presidential debate. Liberals' concerns about the economy eased since July, while levels of concern among both moderates and conservatives were unchanged.

“Extremely” or “Very” Concerned About... by Political Ideology

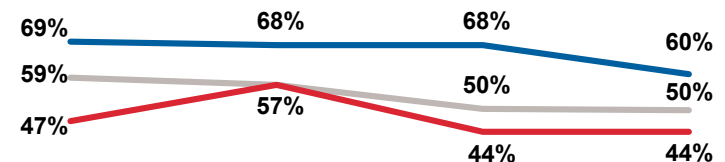
COVID-19



March '20 May '20 July '20 Oct '20

— Liberal — Moderate — Conservative

The U.S. Economy



March '20 May '20 July '20 October '20

— Liberal — Moderate — Conservative

Consumer Concerns About COVID-19 and the U.S. Economy

COVID-19 and economic worries tend to go hand in hand.

How concerned are you about the U.S. economy?

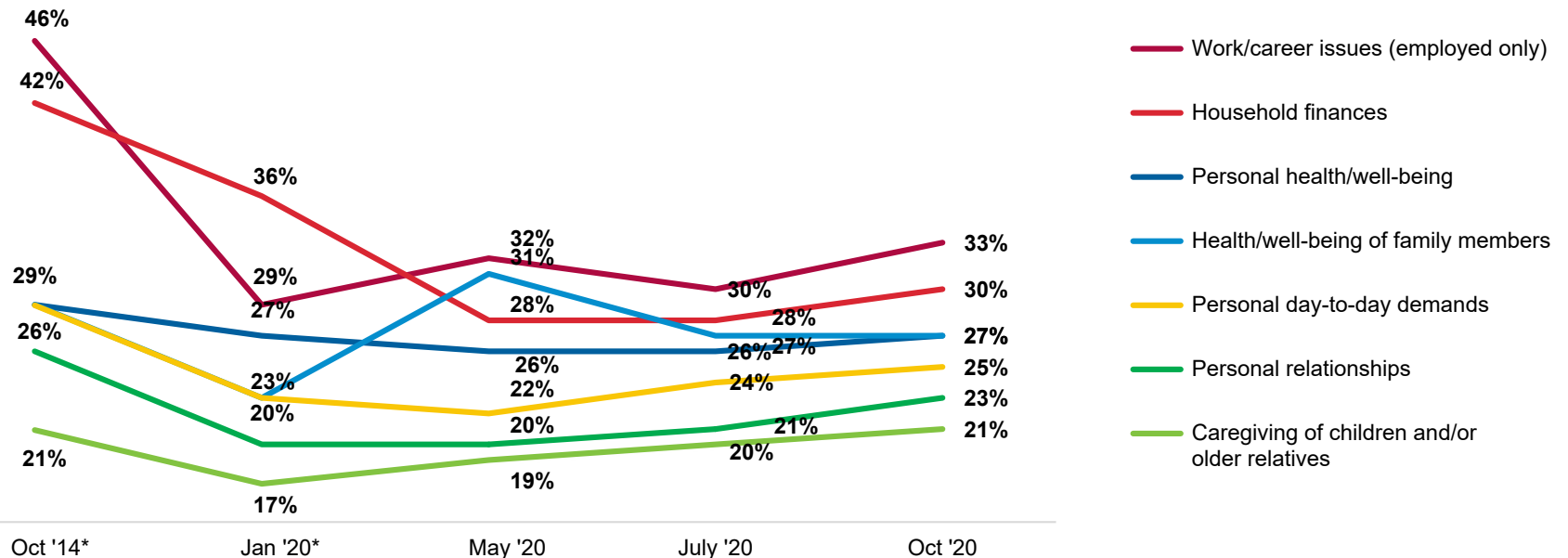
Extremely concerned	<.5%	1%	1%	5%	13%
Very concerned	1%	2%	5%	11%	11%
Moderately concerned	1%	5%	9%	7%	3%
Slightly concerned	3%	6%	5%	3%	1%
Not at all concerned	2%	2%	1%	<.5%	<.5%
	Not at all concerned	Slightly concerned	Moderately concerned	Very concerned	Extremely concerned

How concerned are you about COVID-19?

Consumer Stress

With the exception of household finances, consumer stress levels are at or slightly above January levels. Finance-related stress remains below pre-pandemic levels.

“Very High” or “Somewhat High” Levels of Stress



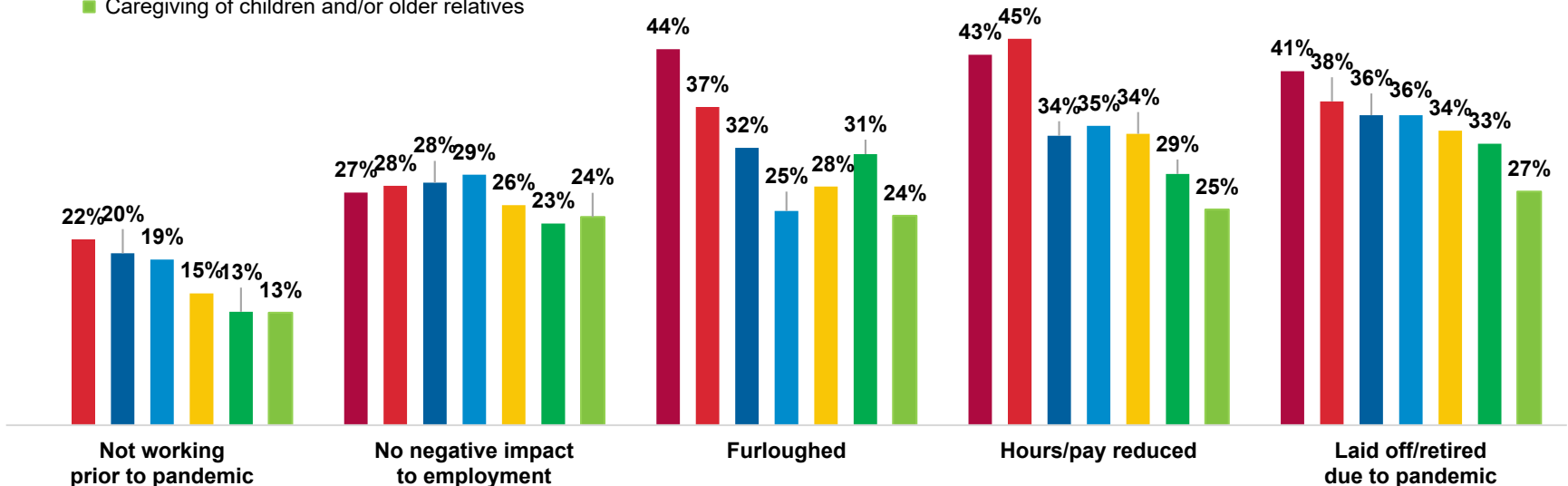
*LIMRA previously asked consumers about stress as part of financial wellness and financial literacy research projects. Those results are included here as points of reference.

Consumer Stress by COVID-19's Impact on Employment

As in July, a third of survey respondents have seen their employment impacted by the pandemic. The stress levels of those furloughed or with reduced hours/pay (1 in 5 respondents) has increased since that time, particularly related to work and finances.

“Very High” or “Somewhat High” Levels of Stress

- Work/career issues
- Household finances
- Personal health/well-being
- Health/well-being of family members
- Personal day-to-day demands
- Personal relationships
- Caregiving of children and/or older relatives

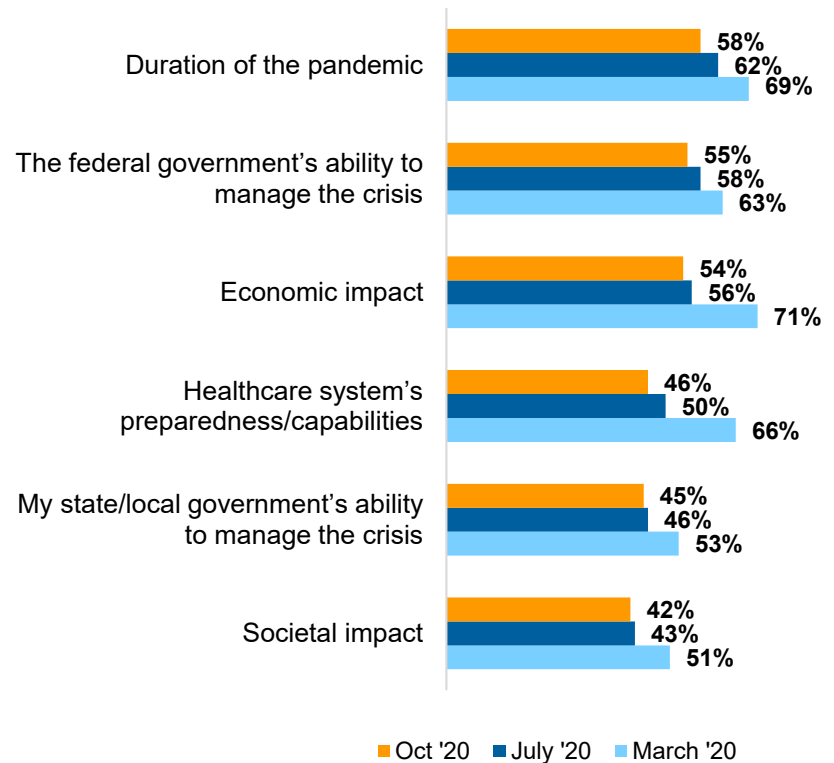


The Personal and Financial Impacts of COVID-19

Concerns About the Societal Impacts of COVID-19

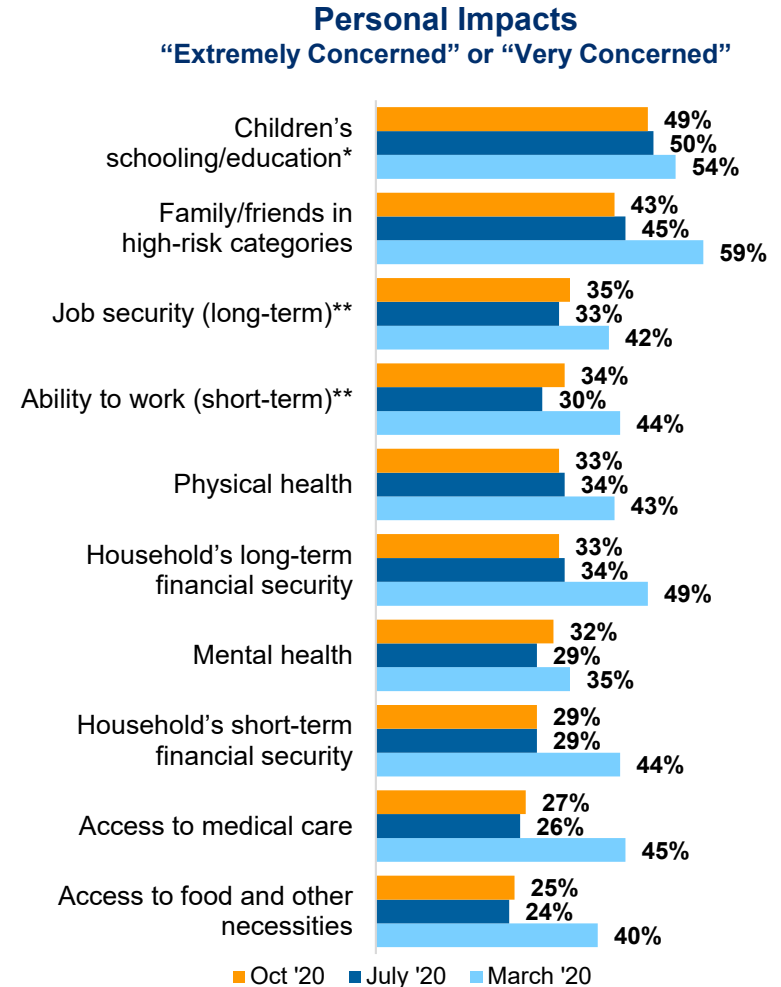
- Consumers' concerns about the societal impacts of COVID-19 continue to ease.
- There are significant differences based on one's political affiliation across the board, where liberals express more concern. For example, 74 percent of liberals are "very" or "extremely" concerned about the federal government's ability to manage the crisis compared to 40 percent of conservatives.

Societal Impacts
 "Extremely Concerned" or "Very Concerned"



Concerns About the Personal Impacts of COVID-19

- Consumers remain less worried about the personal impacts of COVID-19 than they were in the early days of the pandemic.
- Consumers whose employment has been negatively impacted by the pandemic are more likely to express high levels of concern about their ability to work and/or job security than those whose work status was not impacted.
- Employment concerns also weigh heavily on the minds of working parents. More than half of employed Americans with children under 18 are “very” or “extremely” concerned about work. This is highly correlated with worry over their children’s schooling. Parents with high levels of concern about their young children’s education during the pandemic are 10 times more likely to also be highly concerned about their ability to work than parents without school-related concerns. The same is true when it comes to their longer-term job security.

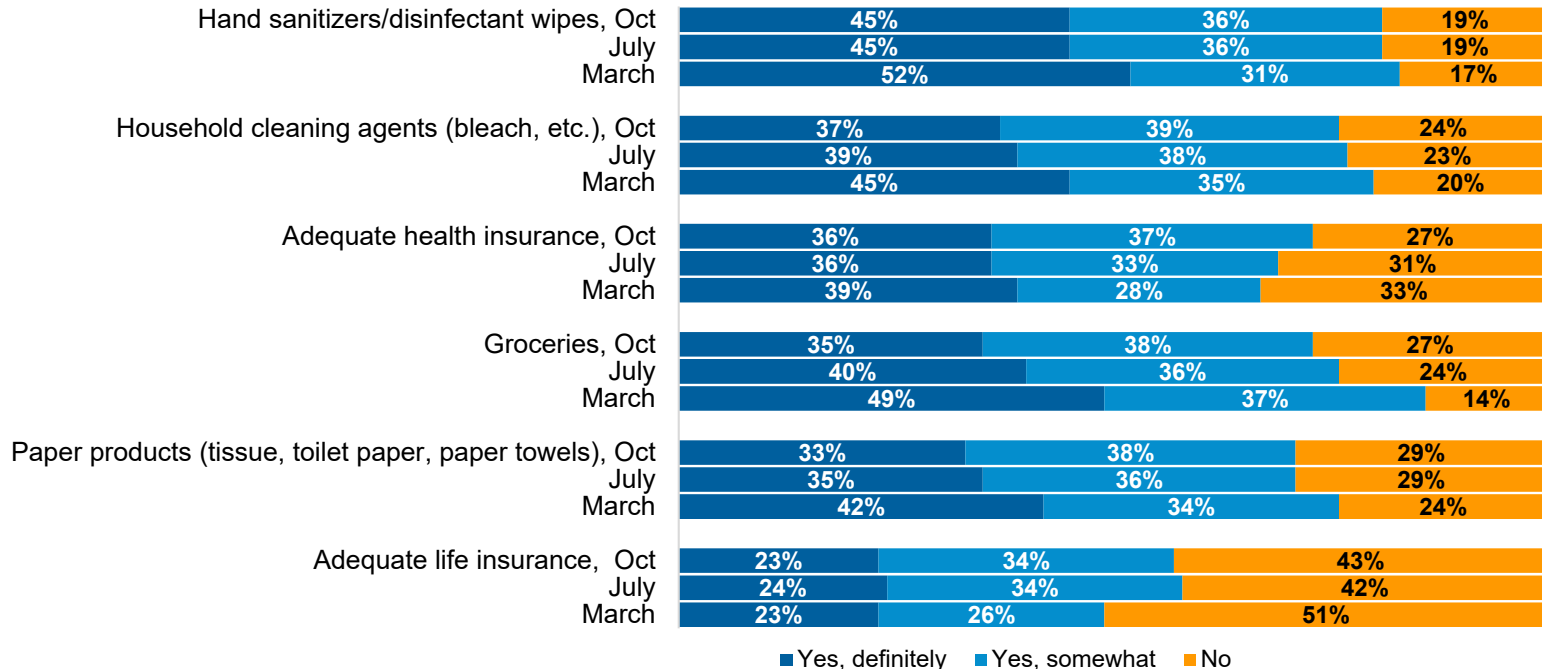


Concern About the Necessities

Though fewer than in March, a majority of consumers feel a heightened need for many household provisions.

- There has been another uptick in consumers' sensitivity to their health insurance needs. In October, nearly 3 in 4 adults express a heightened need for health insurance.
- Sensitivity to one's life insurance needs remains similar to July levels. Owners are more likely than non-owners to worry about having adequate coverage (61 percent versus 54 percent), and over half of people expressing heightened need for life insurance today are current owners.

Do you feel a heightened need for the following items due to coronavirus?



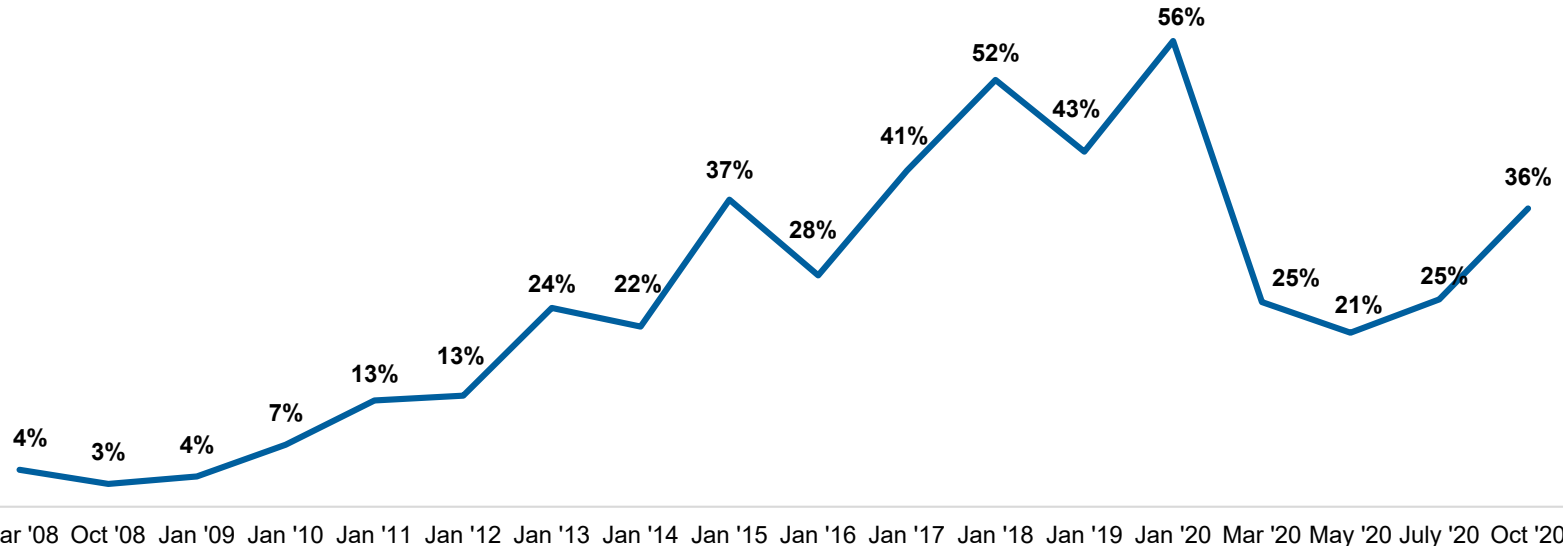
The U.S. Economy and Impacts of the Recession

Consumer Opinion of the Economy

Sentiment surrounding the economy increased 11 percentage points since July: More than 1 in 3 adults have a favorable opinion of the economy in October.

- Men, people in their 30s or 40s, and those with household incomes of \$150,000 or more are more likely to have positive opinions of the economy. Roughly half of consumers in each of these groups have a favorable opinion.
- Other consumers are much less likely to feel positively about the economy, including women (1 in 4), people aged 60 or older (1 in 5), and those with household incomes under \$50,000/year (1 in 4).

Consumers With a “Very Favorable” or “Somewhat Favorable” Opinion of the Economy

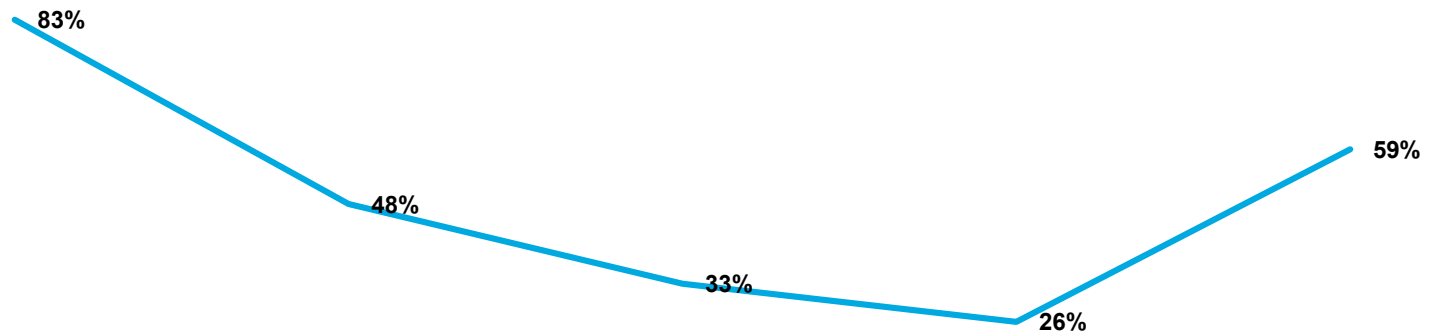


Base: Consumers involved in their household's financial decisions.

Consumer Concerns About the U.S. Economy by Current Opinion

One's level of concern about the economy tends to be related to their opinion of current economic conditions. However, consumers with the most favorable opinion today are the exception as they express higher rates of concern than many.

Consumers Who Are “Very” or “Extremely” Concerned About the Economy



Very unfavorable (22%)

Somewhat unfavorable (25%)

Neither unfavorable nor favorable (15%)

Somewhat favorable (19%)

Very favorable (17%)

Opinion of the Current Economy (percent of consumers)*

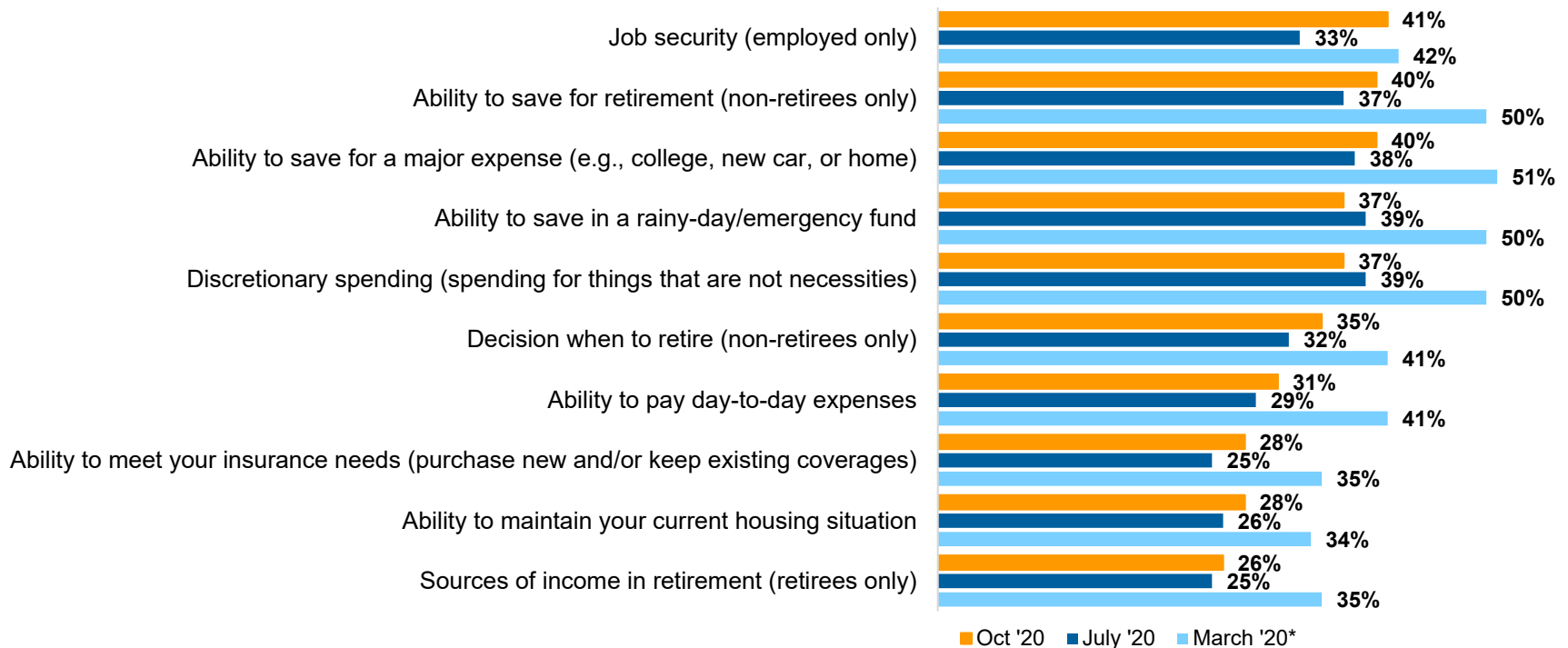
Base: Consumers involved in household's financial decisions.

*Another 2 percent of consumers are unsure or have no opinion of the current economy

Impacts of the Recession

In March, the thought of recession had greater implications than what has materialized to date. Still, more consumers report experiencing the negative impacts of the recession in October than in July. This is especially true when it comes to job security, where the portion of employed Americans reporting this impact increased 8 percentage points since July.

To what degree, if any, is the economic downturn impacting your ...?*
 “Very Strong Impact” or “Strong Impact”



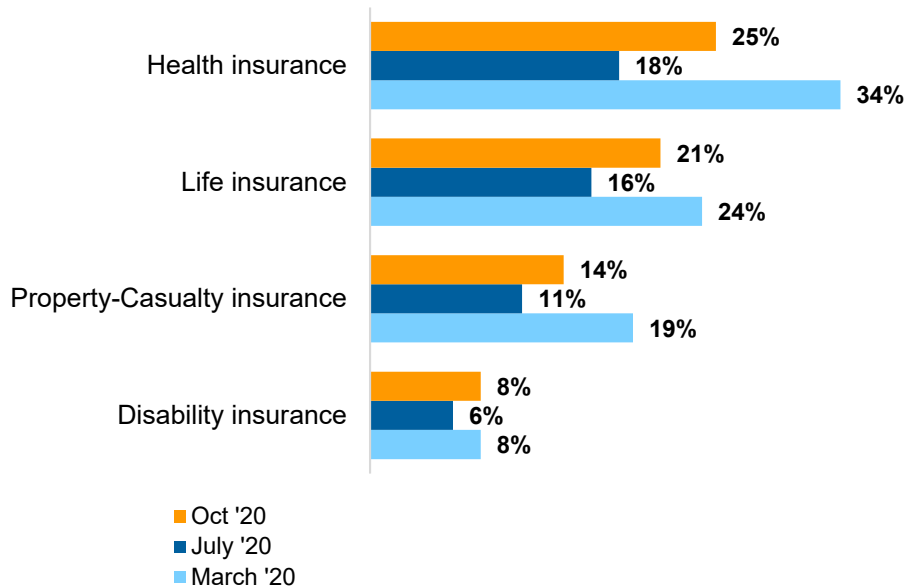
*In March, consumers were asked to predict how a recession would impact them.

Impact of the Recession on Ability to Purchase New Insurance

To what degree is the economic downturn negatively impacting your ability to meet your insurance needs (purchase new and/or keep existing coverages)?



Half of consumers say the recession could make it difficult to buy new insurance coverages they need. Which insurance?



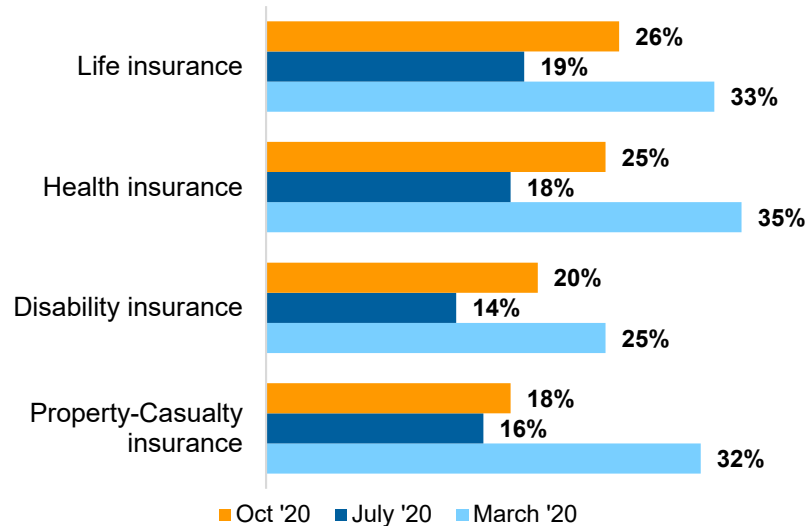
- Though fewer than in March, there's been an increase in consumer concerns about their ability to purchase new insurance in recent months.
- One's concern about their ability to buy life insurance increases by the degree to which COVID-19 has heightened their need for the product.

Impact of the Recession on Ability to Pay for Existing Insurance

To what degree is the economic downturn negatively impacting your ability to meet your insurance needs (purchase new and/or keep existing coverages)?



2 in 5 consumers say the recession could make it difficult to pay for existing insurance coverage(s). Which insurance?



- Insurance owners are also more likely to be concerned about the recession's impact on their ability to pay for existing coverage than they were in July.
- Across all product lines, insureds under the age of 50 are more likely than older insureds to express concern about paying for their coverage(s).

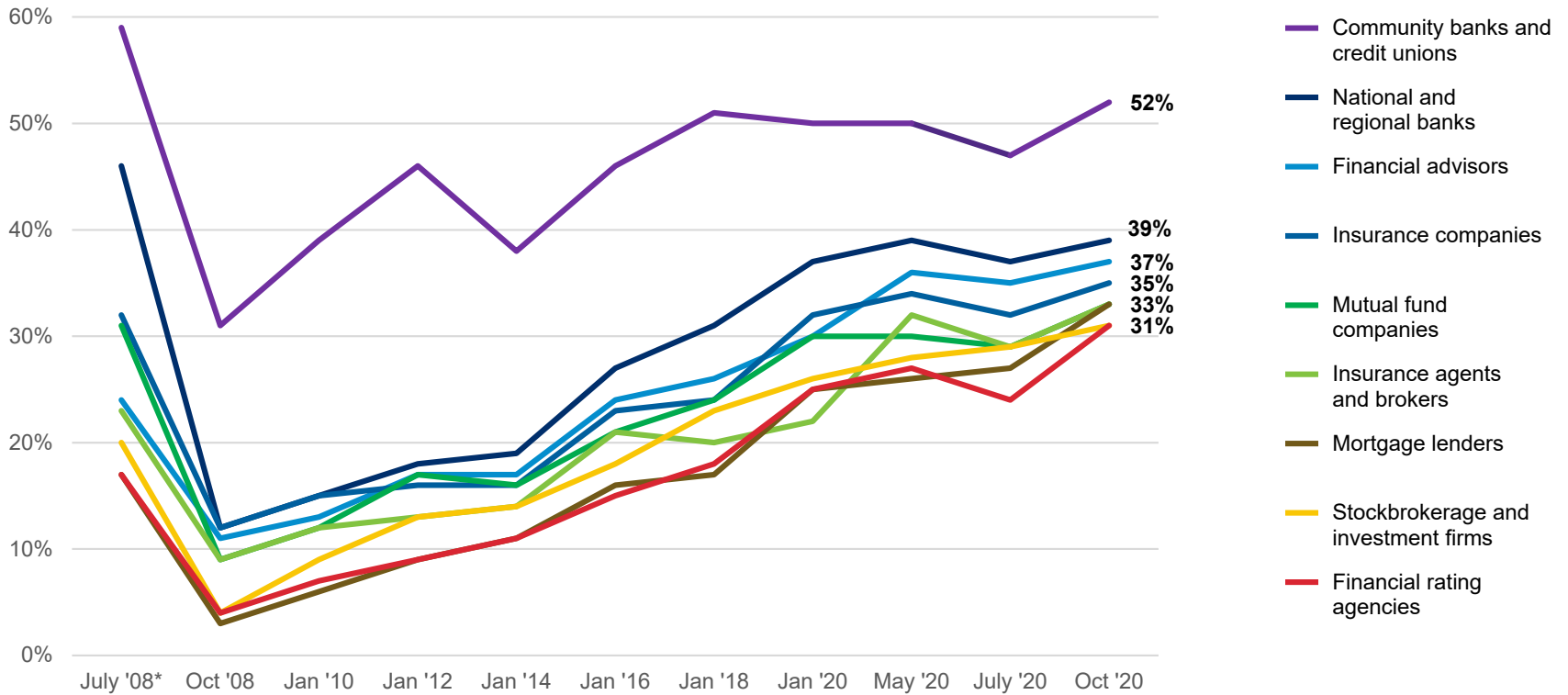
Base: Applicable insureds.

The Financial Services Industry

Consumer Confidence in the Financial Services Industry

Confidence in sectors of the financial services industry rebounded after dipping slightly in July.

Consumers With an “Extreme Amount” or “Quite a Bit” of Confidence in...

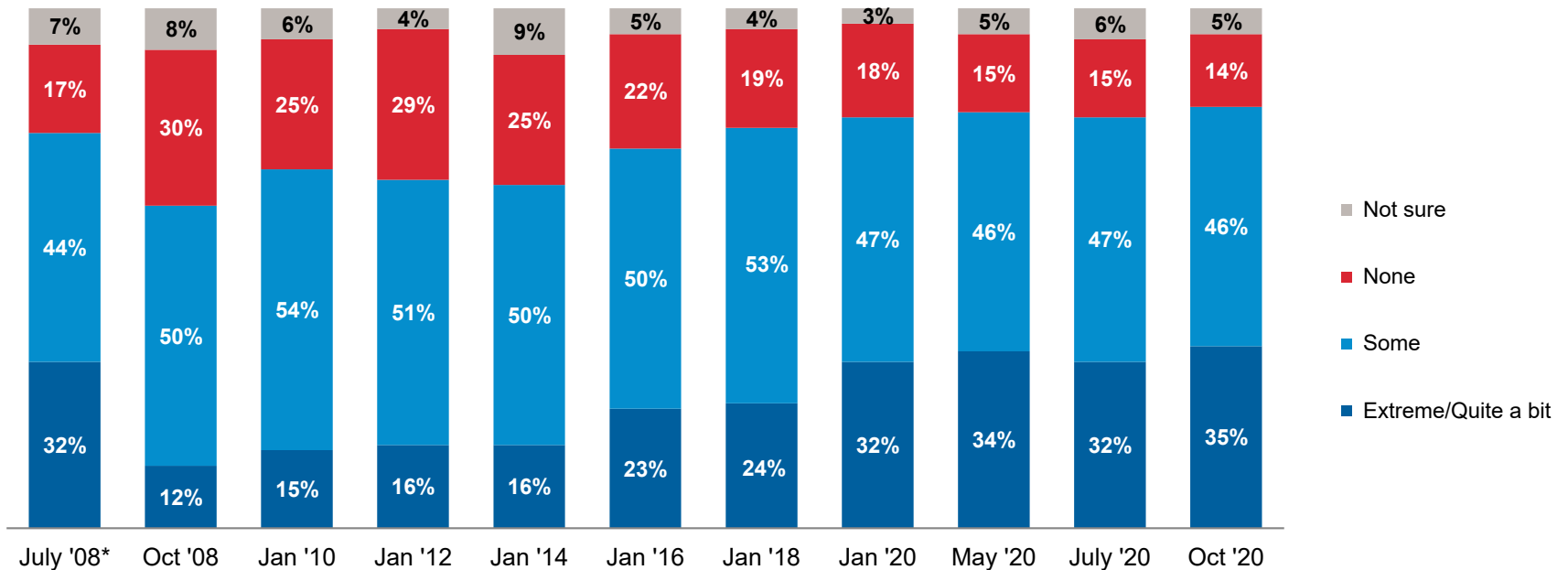


Base: Consumers involved in their household’s financial decisions.
 *July '08 represents October-surveyed consumer responses regarding “3 months ago.”

Consumer Confidence in Insurance Companies

Consumer confidence in insurance companies remains strong as 8 in 10 consumers have at least “some” confidence.

How much confidence do you have in insurance companies?



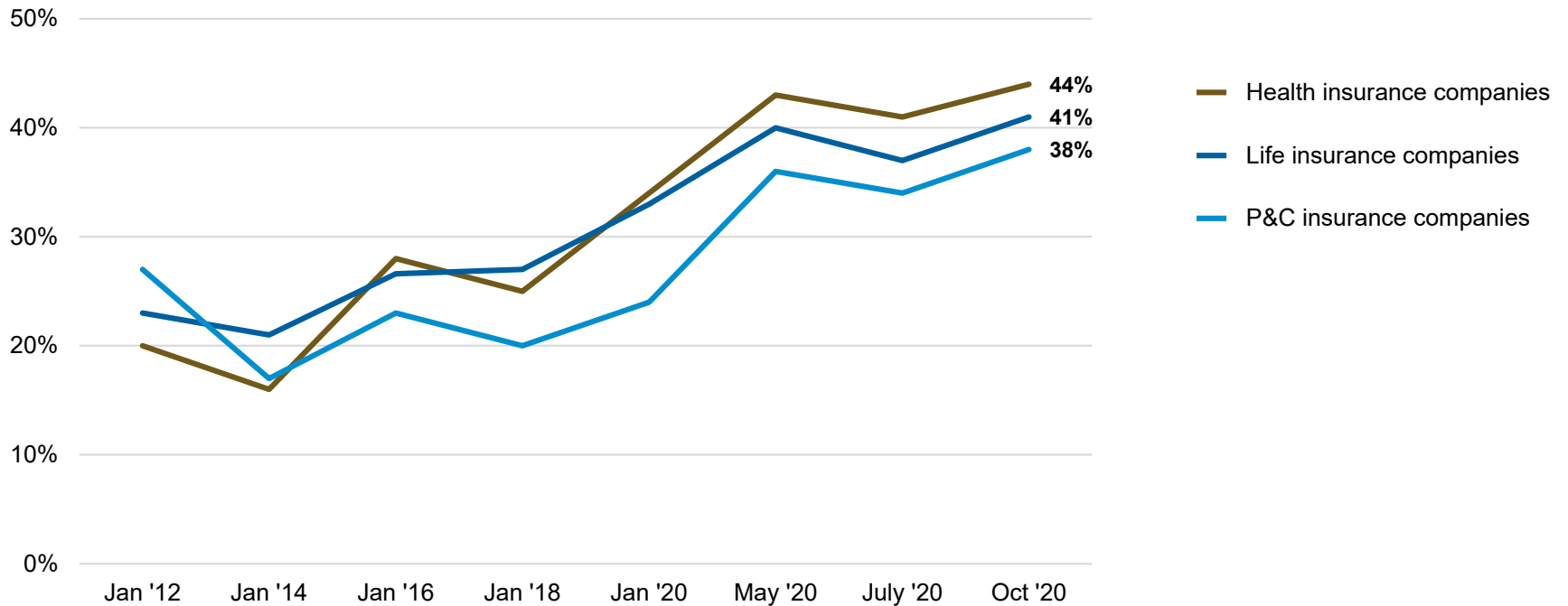
Base: Consumers involved in their household's financial decisions.

*July '08 represents October-surveyed consumer responses regarding “3 months ago.”

Consumer Confidence in Insurance Companies

When asked about specific types of insurance companies, roughly 2 in 5 consumers express high levels of confidence.

Consumers With an “Extreme Amount” or “Quite a Bit” of Confidence in...

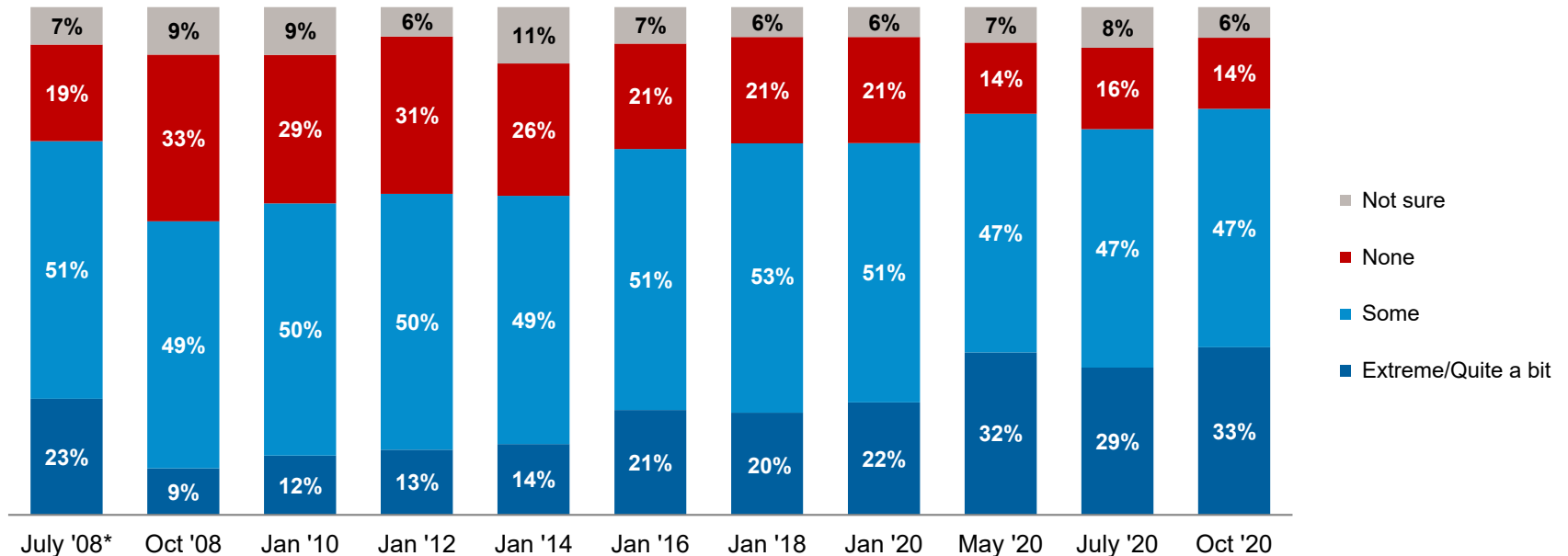


Base: Consumers involved in household's financial decisions.

Consumer Confidence in Insurance Agents and Brokers

Confidence in insurance agents and brokers reached a new high.

How much confidence do you have in insurance agents and brokers?



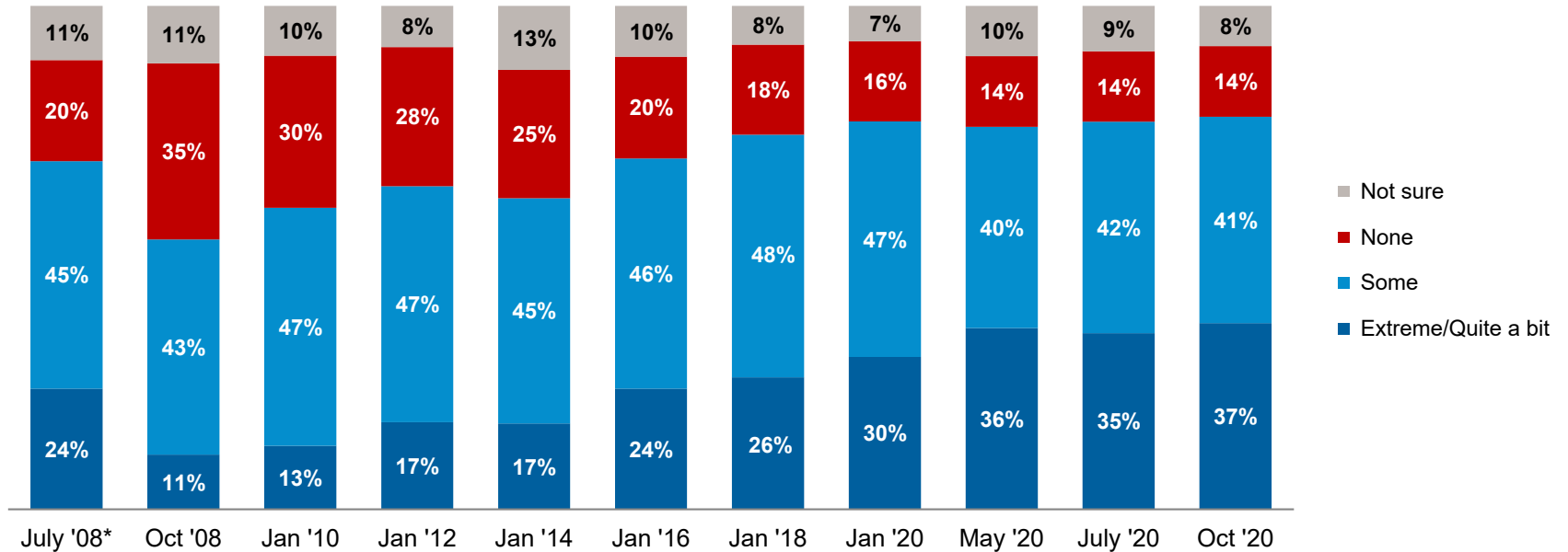
Base: Consumers involved in their household's financial decisions.

*July '08 represents October-surveyed consumer responses regarding "3 months ago."

Consumer Confidence in Financial Advisors

Consumer confidence in financial advisors remains strong in October, well above pre-Great Recession levels.

How much confidence do you have in financial advisors?



Base: Consumers involved in their household's financial decisions.

*July '08 represents October-surveyed consumer responses regarding "3 months ago."

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0845-1020 (50700-10-407-23001)