



The Demand for Life



CONSUMER SENTIMENT IN THE AGE OF COVID

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As the COVID-19 pandemic continues to spread through the United States, LIMRA is providing members with a number of resources to measure its impact on the industry and on society. In a May 2020 survey on life insurance buying reasons for households in different life stages, consumers shared their thoughts about life insurance in the age of COVID-19.

According to the Life Insurance in Life Stages Survey, the pandemic has magnified the demand for life insurance, as 29 percent of the respondents say they are now more likely to buy coverage. The survey of 3,162 households sampled consumers who are wholly or partially responsible for their household’s financial matters; i.e., the consumers who are personally responsible for their households’ financial well-being.¹

The observed increase in the likelihood to buy life insurance is logical and predictable, given the death toll of over 195,000 Americans to date.² The survey confirms what the industry expected to find and enables the industry to measure the pandemic’s impact on consumer sentiment.

The survey sample is representative of the U.S. population along demographic dimensions, which enables an estimate of the number of consumers who are more likely to buy life insurance due to the pandemic. Given a population of 256 million American adults, survey results indicate over 75 million consumers are more likely to buy life coverage now, than before the pandemic reached American shores.³

Relative Impact on Purchase Intent

While the COVID-19 pandemic increased the likelihood to buy life insurance for consumers in all demographic segments, it did not have the same impact in each group (Figure 1).

The profiles by gender, race/ethnicity, and household income allow the industry to identify the market segments that are most concerned about the pandemic. Segments

with higher-than-average increases in purchase intent include those who identify as:

- Male
- Non-white/Caucasian
- Middle-income

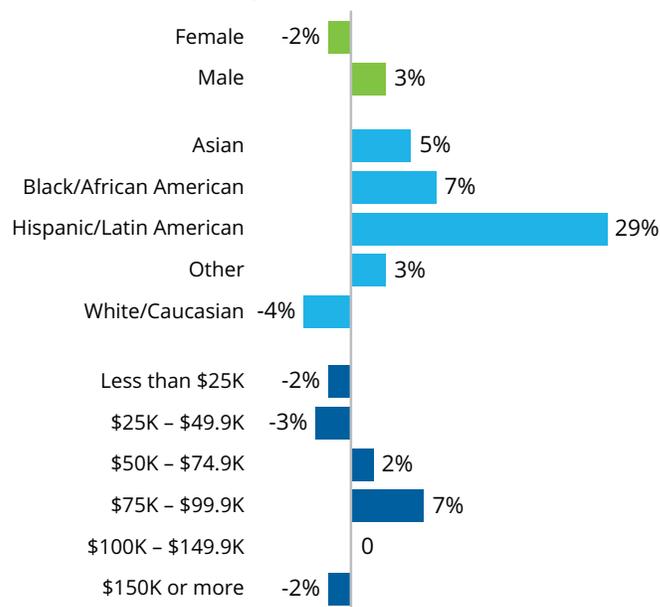
Gender

The pandemic has magnified life insurance purchase intent among women and men. While both genders are affected, the increase in purchase intent is slightly higher among men.

Life insurance industry professionals can use this information to support marketing initiatives that emphasize the need for men to have adequate levels of life insurance coverage at this moment, especially if they are husbands or fathers. A communication theme that associates life insurance with responsible and loving behavior may find a receptive audience at this time.

Figure 1

Relative Impact of COVID-19 on Likelihood to Buy Life Insurance



Source: Life Insurance in Life Stages, LIMRA, 2020.



Race/Ethnicity

The pandemic also has magnified the likelihood to buy life insurance among all racial and ethnic segments. The White/Caucasian segment is the only group with a below-average increase in their likelihood to buy coverage.

To date, COVID-19 has been especially dangerous for minority segments of the U.S. population, and most recently surged in Latin communities.⁴ Given these circumstances, it is understandable that life insurance purchase intent has spiked in minority segments.

On a relative basis, respondents who identify as Latin/Hispanic or Black/African American indicate significantly higher levels of life insurance purchase intent. This suggests that these consumers are fully aware of the disproportional impacts of COVID-19 in their communities, which has heightened demand for life insurance coverage.

Senior leadership in the life insurance industry should take note of this information and respond accordingly in this time of need. The industry can, and should, expand marketing and communication programs within all minority communities. Demonstrating resilience in these markets during this time of great need will enhance the reputation of the industry and build upon the relationships that marketers have established in these communities.

Income

While households in all income categories demonstrate higher levels of life insurance purchase intent, households with annual incomes of \$50,000 to \$149,999 exhibit the greatest increases in their likelihood to buy coverage.

This is important information for life insurance professionals, as it identifies a top-of-mind concern among middle-class households that are a traditional market for the industry. These are households likely to have traditional needs for life insurance (e.g., income replacement) with the financial resources necessary to acquire the coverage.

Likelihood to Buy in the Next Year

The Life Insurance in Life Stages Survey also assessed consumer likelihood to buy life insurance in the next 12 months. Overall, 36 percent are “likely” or “very likely” to buy life insurance in the next year.

The survey data represent consumer *sentiment* at this time, not actual behavior. Nonetheless, if 36 percent of adults are in the market for life insurance, the data suggest overall demand from *90 million consumers*.⁵ This illustrates a complete picture of the market opportunity over the next 12 months.

The following section profiles the demographics of respondents who say they are likely to buy life insurance in the next 12 months. These profiles illuminate the personal characteristics of consumers who are in the market for life insurance.

Gender

A higher percentage of male respondents indicate they are likely to buy life insurance (Figure 2). Among males, 38 percent say they are likely to buy life insurance in the next 12 months, compared with 33 percent of female respondents. The difference is significant, suggesting notably higher demand among men, husbands, and fathers.

Figure 2

Life Insurance Purchase Intent by Gender



Source: *Life Insurance in Life Stages*, LIMRA, 2020.

Race/Ethnicity

There are notable differences in likelihood to buy life insurance across race/ethnic segments (Figure 3). Two thirds (66 percent) of Hispanic/Latin respondents indicate they are likely, or very likely, to buy life insurance in the next 12 months.

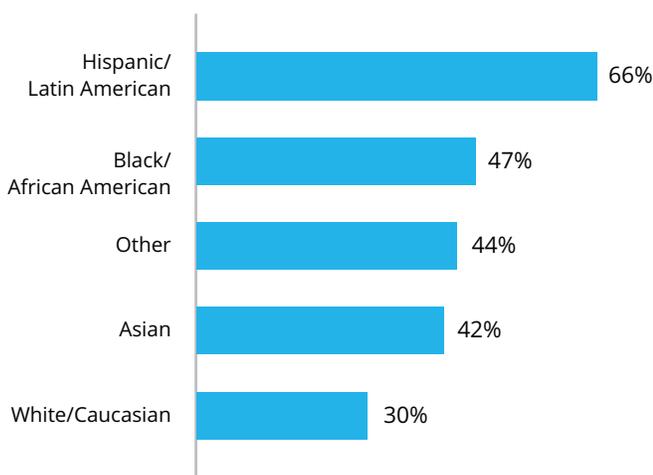
The segment with the second highest likelihood to buy is Black/African American. Almost half (47 percent) of these respondents indicate they are likely to buy life insurance in the next year. This is a significantly smaller percentage compared with the Hispanic segment, but also significantly larger than the Asian or White/Caucasian segment.

About 2 in 5 (42 percent) Asian respondents indicate they are likely to buy life insurance in the next 12 months. While the level of market demand within the Asian community appears to be lower than among other minority segments, it is significantly higher than among the White/Caucasian segment.

The White/Caucasian segment represents the majority (58 percent) of respondents in this survey, and has the

Figure 3

Life Insurance Purchase Intent by Race/Ethnicity



Source: *Life Insurance in Life Stages, LIMRA, 2020.*

“
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lowest level of purchase intent (30 percent). The lower level of demand among this large group explains why the level of purchase intent measures just 39 percent overall.

This data should be instructive to life insurance professionals across the industry, as it clearly indicates a strong demand for life insurance at this time among minority market segments. The data support the findings that the relative influence of the pandemic on purchase intent is higher in minority communities.

Income

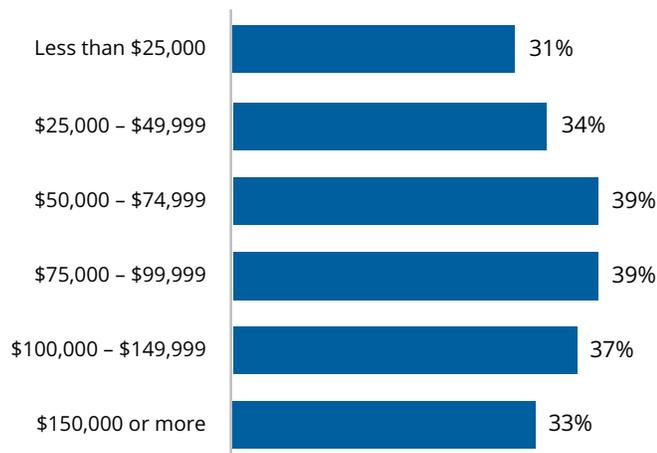
The likelihood to buy life insurance changes gradually among income categories. Purchase intent generally increases with income, until the top two income groups, where it tapers off (Figure 4).

This result should be very encouraging for life insurance professionals, as it depicts a strong level of market demand across all income classes. The data implies all types of life insurance products (e.g., term, permanent) and distribution systems (e.g., agents, direct-to-consumer) will find significant levels of market demand among their target segments.



Figure 4

Life Insurance Purchase Intent by Annual Household Income



Source: *Life Insurance in Life Stages*, LIMRA, 2020.

The Takeaways

The COVID-19 pandemic has increased the likelihood that consumers will buy life insurance:

- Over 90 million consumers say they are likely to buy life insurance in the next 12 months.
- The pandemic has magnified interest in life insurance across all demographic segments.
- Market segments with relatively higher demand for life insurance at this time include: men, minorities (especially Latin American/Hispanic and Black/African American), and middle-income households (\$50,000 to \$149,999).

The industry should use this opportunity to build more marketing initiatives in diverse market segments, not only to meet near-term market demand, but also to pave the way for long-term growth in these communities. 🌐

¹ *Life Insurance in Life Stages*, LIMRA, 2020.

² *COVID-19 Data in Motion*, Johns Hopkins University & Medicine, <https://coronavirus.jhu.edu/>, last accessed 7/31/20.

³ Estimates of the Total Resident Population and Resident Population Age 18 Years and Older for the United States and Puerto Rico: July 1, 2019, U.S. Census Bureau, Population Division.

⁴ www.hopkinsmedicine.org/news/newsroom/news-releases/new-research-confirms-higher-rates-of-new-coronavirus-in-latinx-populations; accessed 7/31/2020.

⁵ Estimates of the Total Resident Population and Resident Population Age 18 Years and Older for the United States and Puerto Rico: July 1, 2019, U.S. Census Bureau, Population Division.



James T. Scanlon, M.S., HIA leads LIMRA's Insurance Markets Research program. This program includes time series studies, which track consumer financial behavior across generations; and topical studies, which examine topics influencing present-day markets.

The studies identify business opportunities in key consumer segments, such as affluent households, single mothers, and small-business owners. Scanlon holds an M.S. in resource economics from the University of Massachusetts, where he also earned a B.A. in economics. He can be reached at jscanlon@limra.com.

For More Information

Association members who are interested in diverse markets may want to explore LIMRA's **Diversity Marketing Committee**. You can find the description and LIMRA staff contact information at www.limra.com/en/events/committees-and-study-groups/committees/diversity-marketing-committee/.

For members with special interest in the female market, you may want to explore LIMRA's **Women's Market Study Group**. You can find the description and LIMRA staff contact information at www.limra.com/en/events/committees-and-study-groups/study-groups/womens-market-study-group/.