

Coronavirus (COVID-19)

Consumer Recession Predictions

This special edition of LIMRA's Consumer Sentiment Survey examines Americans' views on the likelihood of a recession — as well as its potential impact on their finances, including insurance and investment activities.

A Likely Event

71%

of consumers believe the U.S. economy is likely or extremely likely to enter a recession this year.

The Financial Toll

Many consumers believe a recession would strongly or very strongly impact their financial activities.

1/2

- Ability to save for a major expense
- Ability to save for retirement*
- Discretionary spending
- Ability to save in an emergency fund

*Applicable consumers only

4 in 10

- Job security*
- Ability to pay day-to-day expenses
- Decision when to retire*

1/3

- Sources of income in retirement*
- Ability to meet insurance needs
- Ability to maintain current housing situation

Insurance Considerations

3/4

of consumers suspect a recession would have some impact on their ability to meet their insurance needs.

58%

say a recession could make it difficult to buy new coverage they need:

- 34%** Health insurance
- 24%** Life insurance
- 19%** Property-casualty insurance
- 8%** Disability insurance

57%

say a recession could make it difficult to pay for existing insurance coverage:

- 35%** Health insurance*
- 33%** Life insurance*
- 32%** Property-casualty insurance*
- 25%** Disability insurance*

*Applicable owners only

Investment Effects

In the event of a recession:

6 in 10

investors would maintain their investments or put more money in them.

- **19%** Invest more money
- **41%** Maintain current investment levels
- **23%** Invest less money
- **17%** Pull money out of current investments, not re-invest it

4 in 10

investors would maintain their current risk levels.

- **15%** Take on more risk
- **43%** Maintain current risk levels
- **25%** Take on less risk
- **17%** Pull money out of current investments, not re-invest it

About the Research

First initiated in early 2008 to gauge consumer opinion of the economy and the financial services industry, LIMRA's Consumer Sentiment Survey continues to monitor Americans' confidence levels and perspectives on the economy.

Survey dates: March 25 and 26, 2020

Responses: 3,000 (aged 18 or older, weighted to the U.S. general population)

This Moment in History

At the time this study was fielded, 55,200 cases of COVID-19 were reported in the United States, including 802 deaths. Thirty-two states had implemented some form of "stay at home" advisory or order, virtually all schools were closed through April, and the U.S. government's "15 days to stop the spread" campaign was in its final days. The number of COVID-19 cases had begun soaring in recent days, due to the wider availability of testing kits. The U.S. Senate had just passed a \$2 trillion economic stimulus bill, and the Dow Jones Industrial Average logged its best session since 1933. The president advocated for easing restrictions, wanting the country "opened up and just raring to go by Easter [April 12]."

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