



# Building Black American Security Through Insurance

## Size of the Market

- There are 44 million Black Americans in the United States; 24.6 million (56 percent) have life insurance.
- There are 20 million uninsured or underinsured Black Americans who believe they need (or need more) life insurance.
- Black Americans are more likely to own individual life insurance than the general population (58 percent versus 52 percent). Black Americans are also more likely than the general population to own permanent coverage (68 percent versus 66 percent).

## Consumer Perspective

Reasons for Owning Life Insurance
Pay for burial costs and final expenses — 66%
Wealth transfer — 39%
Supplemental retirement income — 33%

Reasons for Not Buying Life Insurance
Too expensive — 31%
Other financial priorities — 30%
Not sure how much I need/what type to buy — 22%

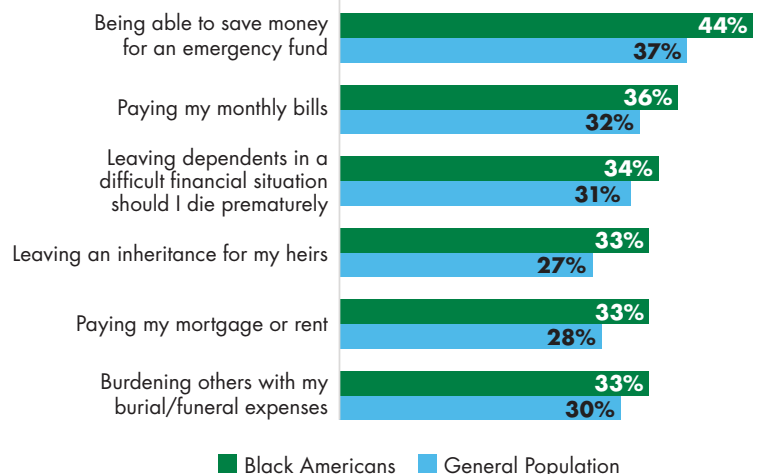
- Half (51 percent) of Black Americans who have coverage wish they had purchased their life insurance policies at a younger age, compared to 39 percent of all insureds.
- Sixty-five percent of Black Americans believe they need coverage for at least 10 years of income should a wage earner die — almost a quarter say 15 years of income replacement is the right amount for their household. Black Americans report the highest number of years of coverage needed, versus U.S. adults overall.
- Six in 10 Black Americans plan to purchase life insurance this year.

## Financial Concerns

LIMRA research finds that Black Americans report a higher level of financial concern than the overall population. They were more likely to be concerned about being able to save for an emergency fund, paying their monthly bills and their mortgage, and leaving their families in a difficult situation due to a premature death.

- Thirty-one percent of Black American households indicate they would face financial hardship within a month or less should the primary wage earner died. More than half of Black American households (55 percent) would face financial hardship within six months following the death of a wage earner.

### CONSUMERS' FINANCIAL CONCERNS



## Opportunities to Educate

There is a great opportunity for life insurers and financial professionals to help dispel Black Americans' misconceptions about life insurance and help get them the coverage they know they need.

- Seventy-five percent of Black Americans overestimate the cost of life insurance. The average annual cost of a 20-year term policy for a healthy 30-year-old man is \$165.<sup>1</sup> Half of Americans overestimate this cost by threefold.
- Thirty percent of Black Americans believe that life insurance is only for final expenses and 66 percent say that is the primary reason they own life insurance. This perception of life insurance could result in Black Americans not purchasing enough coverage to provide income replacement or enable wealth transfer, two key ways life insurance can benefit loved ones after a wage earner dies.
- Fewer than 4 in 10 Black Americans feel very knowledgeable about life insurance, which is in line with the general population.

## How Black Americans Prefer to Engage

- Nearly 6 in 10 Black Americans report that they use social media as a source of information on financial topics — a proportion greater than other market segments. *Companies and financial professionals should leverage Facebook, YouTube, and Instagram — the top three sources of online financial information for Black Americans — to effectively educate and engage them.*
- While most Black Americans prefer to connect with their life insurance provider every 1–3 years, 1 in 4 prefer to reach out to their advisor/agent on an as-needed basis. Offering an annual review can help address changes to Black American policyholders' financial needs.
- Nearly 4 in 10 Black Americans (37 percent) prefer to buy life insurance through a financial professional. Other ways Black Americans purchase life insurance include:
  - » Affinity group websites, e.g., AARP (18 percent)
  - » Life insurance carrier websites (16 percent)
  - » Online aggregators, telephone, or direct mail (7 percent)*Offering channel choice to Black American customers is very important.*



- Black Americans are less likely to have broadband service and personal computers at home, and therefore rely more on smartphones. *Ensuring content is easily accessible on mobile devices will help more Black Americans have the information they need to make informed decisions about life insurance.*

<sup>1</sup> <https://www.term4sale.com/> [Accessed June 15, 2021].

## METHODOLOGY

In January 2021, LIMRA and Life Happens engaged an online panel to survey adult consumers who are financial decision makers in their households. The survey generated 3,007 responses, including intentional oversample of Black Americans. This supplemental report focuses on responses from the 346 Black American respondents.