

CONSORTIA STUDY PROPOSAL

Small Business Owners: Understanding the Market Opportunity

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Background

There are 33.2 million small businesses in the U.S., which accounts for over 99% of all US businesses¹. Small business owners (SBOs) have a lot on their minds, especially in today's environment. Whether it's determining how to protect the finances of their family, how to augment their retirement income, or ensuring their ability to pass their business on to a new generation; small business owners possess a number of areas where life insurance can provide the foundation for an effective financial plan. However, how many of them have considered how they can leverage a life insurance policy to accomplish these goals?

There is substantial opportunity for insurance and financial services companies to help small business owners develop and optimize their own financial plans.

Objective

The results of this research will help sponsors better understand the priorities of small business owners and how insurance products and services can address their needs. Small business owners often represent a complex sale and the results of this study will serve to guide advanced sales strategies. Although the research will focus on life insurance, it will ask about additional products such as annuities, long term care, and others. Sponsors will have input into the topics addressed by this research, however some of the topics we anticipate being explored among small business owners include:

- Attitudes and perceptions regarding life insurance
 - What is their level of knowledge about life insurance, its uses, and familiarity?
 - Do SBOs prefer term or permanent life insurance? What products do they own and for what needs? What holds them back from purchasing certain products?
- Top financial priorities, challenges, concerns
 - Do they have a written financial plan? Do they have a retirement plan in place?
 - Who do they trust and use for financial advice?
 - How prepared do SBOs feel for retirement? How confident are they that they will have enough money to retire? Are SBOs of a certain firm size or industry more/less prepared?
- Succession/Transition/Estate planning
 - Do they have a formal plan in place?
 - Will SBO's retirement be funded by the sale of their business?

Methodology

LIMRA will develop a questionnaire in collaboration with study sponsors. The questionnaire will be designed to be up to 12 minutes in length and consist of primarily close-ended questions.

LIMRA will conduct an online survey of 1,000 small business owners who self-identify as owner, partner, president or CEO of a business that:

¹ Small Business Statistics of 2023, Forbes Advisor, December 2022.

- Has between 3-99 full-time employees
- Has been in existence for at least two years
- Has at least \$250,000 in gross revenue
- Is privately held

The sample will be stratified by:

- Gender
- White vs. minority ownership
- Industry
- Gross revenue above and below \$2.5 million

What Sponsors Will Receive:

Sponsors will gain a better understanding of the market size of the SBO opportunity, what is top of mind for small business owners, and specific actions they can take to better serve this market. Key deliverables for this project include:

- Input into the questionnaire
- Survey instrument
- PowerPoint report of findings and recommendations
- Presentation of results via virtual meeting
- Banner book of the survey data (if requested)
- Electronic file of survey data (if requested)

Anticipated Timeline





Investment

The investment for this project is \$15,500 per sponsor. LIMRA will invoice each sponsor the amount equal to half of total estimated fees at project commencement, and the remaining balance once all deliverables have been received. Alternative payment arrangements are available upon request.

Authorization

If a sufficient number of companies fail to enroll as a sponsor of the project within a reasonable timeframe, LIMRA reserves the right to withdraw the study.

Please indicate your acceptance by signing and returning this page to Lynn Ferris at lferris@limra.com.

Name (*please print*)

Title

Signature

Date

Phone Number

Email

LIMRA CUSTOM RESEARCH

As the premier trade association for the insurance and financial services industries, with over 700 members, including 22 members in the Fortune 100, LIMRA has a privileged view into proven best practices and emerging trends. The breadth and depth of the data flow across the industry and our unique position within it enables us to provide you with insights no one else can provide. LIMRA combines industry knowledge and research expertise that translates into a thorough understanding of the marketplace and thoughtful research design and methodology.

Custom Research

LIMRA's Custom Research team partners with you to conduct quantitative and qualitative research to capture the specific insights you need to support decision making across all product lines and distribution channels. Custom Research can help you improve the customer experience, design a new product, test a product concept, explore new markets, and more.

Consortia Research

Consortia research allows members to partner with and through LIMRA to cost-effectively research hot topics. Consortia research gives companies the opportunity to play an active role with other organizations to investigate a common area of need, including exploring opportunities in emerging markets, determining the market potential for new products, understanding the buying process, positioning with producers, and more.

LIMRA Custom Research Team

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