



Top Misconceptions About Life Insurance

LIMRA's annual *Life Insurance Barometer Study* tracks the perceptions, attitudes, and behaviors of adult consumers' financial behaviors. In 2021, analysis identified four widely held misconceptions that keep Americans from achieving the financial security that life insurance can help provide.

Misconception 1: Life insurance is too expensive

More than half of Americans **overestimate** the cost of life insurance by as much as **threefold**. This is especially true for younger generations.

The cost of term life insurance for a healthy 30-year-old is around \$160 per year. Yet, **44%** of Millennials estimate it to be more than **six times** higher — at a costly \$1,000.

This misperception about cost, coupled with prioritizing other financial needs, puts families **needlessly at risk** of financial hardship should a wage earner die unexpectedly.

Misconception 2: My workplace life insurance is enough

29% of American workers believe the coverage they get through work is enough.

The median life insurance coverage offered at the workplace is either a flat sum of \$20,000 or one year's salary.¹ More than half of U.S. households rely on dual incomes (**54%**),² and, for many, losing one income could be devastating to the households' finances.

According to the survey, **42%** of families would face financial hardship within six months, and **25%** would suffer financially within a month.

Misconception 3: It is too difficult to buy life insurance

Nearly **half of Americans (46%)** say they have put off purchasing the coverage they know they need. This could be, in part, because they are intimidated by the process.

The pandemic has accelerated the adoption of simplified underwriting. **48%** of consumers say they are more likely to buy life insuring using simplified underwriting.

Misconception 4: I don't need life insurance until I am older

Younger consumers who do not yet have a spouse/partner or dependents may believe they can put off buying life insurance. In reality, life insurance is significantly less expensive for the young and healthy. Buying a policy can protect their financial future and the financial security of their loved ones.

Nearly 4 in 10 insured consumers wish they had purchased their policies at a younger age

¹ U.S. Bureau of Labor Statistics, 2020.

² *Consumer Expenditure Survey*, *ibid.*

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 over 3,000 responses. The results were weighted to represent the U.S. population.