

Facts About Life 2010

Facts from LIMRA

Life Insurance Awareness Month, September 2010



Most U.S. Households At Risk:

LIMRA's 2010 *Life Insurance Ownership Study* has found that 30 percent of U.S. households (35 million) have no life insurance protection at all.

Many U.S. households are underinsured:

- Only 44 percent of U.S. households have individual life insurance. This is a 50-year low.
- Half of U.S. households (58 million) say they need more life insurance – the highest level ever.
- Among households with children under 18, arguably having the greatest need for life insurance, 11 million have no life insurance coverage.
- Even affluent households (\$100,000+ income) lack sufficient life insurance. One-third say they do not have enough coverage.

The struggling economy creates additional challenges:

- One in four U.S. households rely *only* on group life insurance to provide financial protection if a wage-earner dies. These households may lose their only life insurance coverage if they become unemployed or have their work hours reduced. In the past year, someone lost their job in 15 percent of U.S. households.
- Decline in owning life insurance has left many households vulnerable if a primary wage-earner died.
- Among households with children under 18, **4 in 10** say they would immediately have trouble meeting everyday living expenses if a primary wage-earner died today.
- Another **3 in 10** would have trouble keeping up with expenses after several months.

Nearly 7 in 10 American households with children under 18 would be in jeopardy if the primary bread-winner died.

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Fewer consumers are purchasing new life insurance policies:

- In 2009, insurance companies issued 9.4 million individual life insurance policies in the U.S. — about one million fewer policies than in 2004. During the mid-1980s, about twice as many policies were issued compared with today.
- Buying life insurance has a low priority compared to other financial goals such as paying off debt or saving for retirement. Over 4 in 10 Americans say a major reason they have not bought more life insurance is because they have other financial priorities right now.

Life insurance is important to American families, but they procrastinate:

- Life insurance beat out all other sources of financial assets or income that Americans expect to use to help pay bills, and to maintain their lifestyle if the primary wage earner dies.
- About 7 in 10 middle-market households agree life insurance is the best way to protect against premature death of a primary wage-earner.
- The top two reasons Americans have life insurance is to cover burial and final expenses, and to help replace the income of primary wage earners.

Americans want professional help:

- One in four households plan to buy life insurance for themselves or another household member in the next 12 months. But, many are unlikely to follow through with their plans.
- Twenty-four percent of households with children under 18 want to speak with a financial professional about their life insurance needs, but they may not proactively initiate contact with a producer or with a life insurance company.
- About 1 in 4 middle-market households (\$35,000 to \$99,999) admit they don't know how to obtain or reach their financial goals. Nonetheless, 18 percent of them want to speak with a financial professional about life insurance.

Many Americans have no one to turn to:

- Almost eight in 10 American households currently do not have a personal life insurance agent or broker to turn to and most of them say they never did.
- Almost 6 in 10 Boomer households prefer to buy life insurance face-to-face, but this is changing among the younger generations.

*All facts are from LIMRA's life insurance consumer studies.
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