

Facts from LIMRA

Life Insurance Awareness Month, September 2012

The shaky economy has demonstrated how precarious a family's finances can be. According to a recent study, Americans are more concerned with being able to pay their mortgage and other bills today than they were a year ago.



Who's at risk?

- Three in ten American households (35 million) are uninsured and half say they need more life insurance.
- More than half of Gen X and Y households – representing 30 million people – need more life insurance.
- The middle market represents the largest segment of uninsured households, with half (36 million) admitting they need more life insurance.
- Seven in ten women agree that life insurance is a necessity and all people should have it (only 62 percent of men believe this to be true).
- One-third of wives own no life insurance at all – despite the fact that 7 in 10 households are dual-income households, and nearly 30 percent of wives earn more than their husbands.*

Why Aren't They Buying?

- The top two reasons people don't buy life insurance are: competing financial priorities or because they think they cannot afford it.
- Interestingly, a recent LIMRA/LIFE study found that consumers overestimate the cost of life insurance by as much as three-fold.
- Another factor — six in ten consumers don't recall being approached to buy life insurance in the last two years.
- Thirty-five percent of shoppers who met with a sales rep yet did not buy life insurance said their sales rep failed to follow up with them.
- Consumers' lack of knowledge about life insurance was keeping some shoppers from buying: Twelve percent could not decide what type or how much to buy, 10 percent were afraid to make the wrong decision, and eight percent did not know enough about life insurance.

Americans recognize the value of life insurance:

Eight in ten consumers who have had a positive experience with life insurance say the life insurance industry plays a critical role following the death of a loved one.

Nearly two-thirds of all Americans feel life insurance gives people peace of mind.

* Annual Social and Economic Supplements, 1988–2010, Current Population Survey, U.S. Bureau of Labor Statistics

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What Motivates People to Shop for Life insurance

- Forty-one percent of life insurance shoppers said life events - getting married, having or adopting a child, or buying a home – prompted them to shop for life insurance.
- A quarter of life insurance shoppers considered life insurance because their financial advisor or sales rep initiated contact or suggested the need for life insurance.
- Twenty-five percent of life insurance shoppers looked at buying life insurance because they thought they might need more and wanted to review their coverage.
- One in eight life insurance shoppers said a friend or family member recommended a sales rep or financial advisor, prompting them to shop for life insurance.

Life insurance falls behind other financial priorities:

The top financial concern for half of consumers is having enough money for a comfortable retirement.

Almost one-third of consumers are most worried about paying their mortgage or rent (31 percent say they are extremely or very concerned)

Turning Shoppers into Buyers

- Seventy-eight percent of shoppers with previous relationships with their sales rep bought life insurance – almost 10 percentage points higher than shoppers who had no prior relationship with their sales rep.
- Providing a needs-based analysis to customers helps them understand how life insurance can work for them and their families. Three-quarters of shoppers who received a needs analysis bought life insurance, as compared to less than half of those who didn't have a needs analysis.
- Sales reps should also recommend an amount to buy to their prospects. LIMRA's study found shoppers more likely to buy life insurance — and larger policies — after getting a recommendation from their sales rep.
- It is crucial to follow-up with prospects who inquire about life insurance. Thirty-five percent of nonbuyers said they were still shopping and the sales reps should have followed up with them; one-third were still making a decision.

All facts are from LIMRA's life insurance consumer studies

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