

Helping Close the Life Insurance Gap

REDDING, CA, July 31, 2006 - There's a huge gap between what people want and what they do when it comes to life insurance. Fortunately, credit unions are helping fill that void by providing information and policy choices, so their members can obtain needed coverage that won't expire when they change jobs.

Recent surveys show nine out of 10 working adults and their partners say life insurance is important to them, yet the most common employee attitude seems to be, "Sure, it's important to me. But, no, I'm not going to follow through on it."

This blaring disconnect was highlighted in The Hartford's 2005 Life Insurance Literacy Study focusing on the overall employed U.S. population age 18 to 65. The study found nearly two thirds of respondents considered life insurance "extremely" or "very" important, and another quarter found it "important." (The numbers were even higher among people who were married or who had children.)

Yet, even among the roughly seven in 10 adults who have policies averaging \$130,000, some 30 percent said they had "little" or "no" understanding of their coverage, a figure generally twice that of those who didn't understand their auto or medical insurance.

In addition, the study found significant number of people with coverage had wildly incorrect perceptions about the major cause of premature death (with almost half those surveyed believing the No. 1 reason was accident or injury, when, in reality, it accounts for only 4 percent of deaths). Without correct information provided through organizations such as your credit union, these misconceptions can lead to the purchase of inadequate or, even, incorrect coverage.

Despite the general lack of knowledge, nearly half of those surveyed knew one thing for certain about their life insurance coverage - it wasn't enough to accomplish what they wanted from their policies (ensuring family members would be able to maintain their standard of living; covering funeral expenses; paying major medical expenses, and setting aside money for their children's college education).

Unfortunately, average coverage amounts don't come close to accomplishing these goals. The Life Insurance Literacy Study found that if most people with coverage should die prematurely, their family faced much greater financial challenges than they realize.

LIMRA International, Inc., a worldwide association providing research and consulting services to nearly 850 insurance and financial services companies in more than 60 countries, reports that some 45 percent of widows and 37 percent of widowers say their spouse was inadequately insured.

On the bright side, however, solutions are within easy reach for most working Americans who have access to relatively inexpensive group policies either through their employers or through their credit unions. Seven in 10 businesses with 10 or more employees offer life insurance coverage, and well over 90 percent of companies with 100 or more workers do the same.

Combining policy opportunities at the workplace and through member organizations, such as credit unions, gives employees and their spouses the chance to obtain the life insurance coverage 90 percent of them say is important to them.

Credit Union's now offer inexpensive and convenient group and individual term life policies that are often available with limited or no medical exams. And, unlike the coverage that more than 40 percent of the insured have through their employer, these policies remain in force when you change jobs.

For more information on life insurance call LifeHelp at (800) 345-4543.