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LIMRA Reports 50-Year Low In Ownership of Individual Life Insurance

Four in 10 U.S. Households with Children Would Have Immediate Trouble Paying Bills if the Primary Breadwinner Died Today

ARLINGTON, Va., and WINDSOR, Conn., Aug. 30, 2010 — Despite the fact that most American families have less to fall back on financially than when the economic downturn began, ownership of individual life insurance has hit a 50-year low, according to a new LIMRA study.

The *Trends in Life Insurance Ownership* study, conducted every six years by LIMRA, found that only 44 percent of U.S. households have individual life insurance. The number of U.S. households that have no life insurance whatsoever is growing. Today, 30 percent of households (35 million) have no life insurance coverage, compared to 22 percent of households in 2004. Among households with children under age 18, which arguably have the greatest need for life insurance, 11 million have no coverage.

“Clearly, more American families are living on the edge — surviving paycheck to paycheck — and, as our new study suggests, too many without the safety net that life insurance provides,” said Robert Kerzner, CLU, ChFC, president and CEO of LIMRA, LOMA, and LL Global. “The numbers tell a grim story. Today there are 11 million fewer American households covered by life insurance compared with six years ago. A majority of families either have no life insurance or not enough, leaving them one accident or terminal illness away from a financial catastrophe for their loved ones.”

Families Focusing on Other Financial Priorities in Difficult Times

More than 40 percent of Americans say a major reason they have not bought more life insurance is because they have other financial priorities right now, such as paying off debt or saving for retirement. However, the drop in life insurance ownership is not because families are not feeling vulnerable. Among households with children under 18, four in 10 say they would have immediate trouble meeting everyday living expenses if the primary breadwinner died today. Another three in 10 would have trouble keeping up with expenses after several months.

Record Number of Americans See Need for Life Insurance

Half of households feel they need more life insurance — the highest level ever. Moreover, 24 percent of households with children under 18 want to speak with a financial professional about their life insurance needs; and a quarter of all households plan to buy life insurance in the next year. According to LIMRA’s study, 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 in the event of the primary wage-earner’s death.

“With so many families continuing to struggle financially, there has never been a more critical time for people to own an adequate amount of life insurance,” said Marvin H. Feldman, CLU, ChFC, president and CEO of the LIFE Foundation. “This study shows that Americans place great value on the need for protection and half of all families recognize that they need more life insurance than they have, and that’s good news. Now they need to take the next step, and get the coverage they lack before it’s too late.”

Families Don’t Know Where to Turn for Help

About one in four middle-market households admit they don’t know how to obtain or reach their financial goals, including buying life insurance. One of the biggest obstacles is lack of information. Almost eight in 10 U.S. households currently do not have a personal life insurance agent or broker to turn to and most of them say they never did.

Most individual life insurance policies are sold by insurance agents and many Americans want to keep buying in this manner. For instance, 60 percent of Baby Boomer households prefer to buy life insurance face-to-face. Younger generations say they also are interested in gathering information about life insurance online and at their place of work.

“As an industry, we need to reach out to consumers and educate them about the various ways they can purchase life insurance,” said Mr. Kerzner of LIMRA. “Whether they buy from an agent, get coverage through their employer, or make an online purchase, the important thing is that they get the coverage they need to protect their loved ones.”

While the country’s shrinking pool of life insurance agents increasingly focuses only on the wealthy, too many families in your membership are left wanting for the help they need.

Your members don’t know where to turn for the help they need. Who better than you to educate and serve your members – with life insurance programs proven through more than 30 years experience in the credit union market – and ready to bring to YOUR members, at no cost to you.

Note the omission of one of America’s most important sources of financial information and services for middle America - Credit Unions! Together, let’s change that. Contact LifeHelp at 800-345-4543 or marketing@lifehelp.com today for more details.

How many of your members are among these 35 million households, dangerously exposed without a fundamental cornerstone of family financial security?

Your members deserve a better option than “hoping for the best” without the option to plan for the worst.

Middle-income households, the core of your membership, are the very group at greatest risk.