

# Facts About Life 2006

## Life Insurance: What We Own, What We Need, What We Think About It

Facts for Consumers From LIMRA International  
Life Insurance Awareness Month, September 2006



### Millions of Americans have no life insurance coverage.

- Sixty-eight percent of U.S. adults are covered by life insurance. That leaves more than one third of Americans with no coverage at all.
- Today, 1 in 3 insured adults have only group life insurance obtained at work. Adults with only group coverage carry the lowest amounts of life insurance.

### Coverage is higher today but many still feel they are underinsured.

- The average amount of life insurance coverage on insured individuals has grown by \$36,000 in constant dollars since 1998 – reaching \$146,300 in 2004.
- Forty-four percent of all U.S. households (48 million) either don't own life insurance and believe they should or own life insurance and feel they need more.
- On average, households saying they need more insurance own enough life insurance to replace their income for 2.8 years, but thought they should have enough to cover six years of income.

### Many U.S. households are not prepared for the death of a primary wage earner.

- Twenty-five percent of household heads feel they do not have a plan in place to provide a decent standard of living for their family if they died tomorrow.
- Twelve percent of households would immediately have trouble meeting everyday living expenses, and another 15 percent would have difficulty keeping up with expenses after several months.

### Americans want more insurance but offer many excuses for not buying.

- Three fourths of Americans needing more insurance think they can't afford the premium despite the fact that many are under age 45 and could buy term insurance for a modest sum.
- Consumers feel buying life insurance is an important and complex financial decision. Eight in 10 find it difficult to decide how much and what type to buy and worry about making the wrong decision. Two thirds don't know where to buy or who to turn to for help.
- Eighty-six percent of the underinsured don't buy the life insurance they say they need because they don't want to feel pressured to buy.



- Two thirds procrastinate — admitting they just have not gotten around to it; almost half said no one has approached them about coverage.
- Many people believe the likelihood of their own premature death is very low, and find it easy to avoid buying insurance. Forty-five percent find it too unpleasant to think about dying.
- Psychologically, the pain of perceived financial loss of paying for insurance is twice as powerful as the potential good feelings of putting the insurance in place.
- The final decision to buy life insurance is partly emotional, involving fear, possible regret for not buying, and love – the desire to provide security for family and dependents.

**If you would like a review or want to discuss increasing your coverage, please call  
[company insert the appropriate information.]**

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