



# Facts About Life 2021

## Life Insurance in the Time of COVID-19

- In January 2021, just 52% of consumers reported owning life insurance (e.g., individual, employer-sponsored, etc.), which is down from 63% in 2011.
- Overall there are 102 million uninsured and underinsured Americans who know they need (or need more) life insurance coverage.
- Forty-two percent of Americans say their household would face financial hardship within six months should a wage earner die unexpectedly — 25% would struggle financially within a month.
- COVID-19 has impacted consumers' perceptions about life insurance. Six in 10 consumers said they had a heightened awareness about the value of life insurance and 31% said they were more likely to buy coverage in 2021 due to the pandemic.
- Likelihood to buy life insurance due to COVID-19 is higher for Millennials (45%), Black Americans (38%), men (33%), and those making over \$150,000 per year (42%).
- Of those who tested positive for COVID-19, 42% say there are likely to purchase life insurance in 2021.

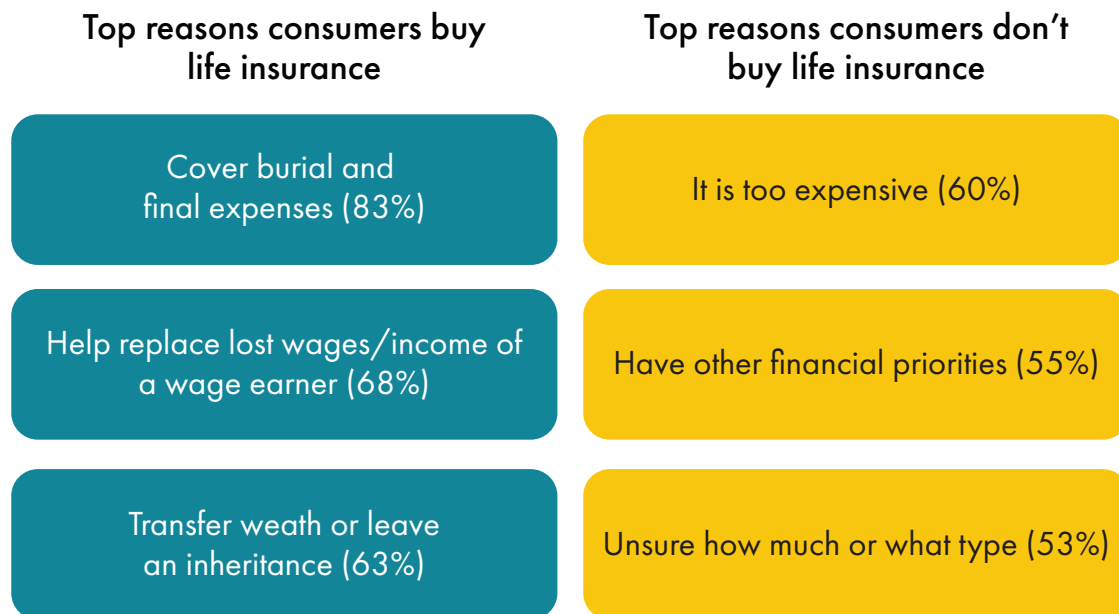
## Black Americans and Life Insurance

- The majority of Black Americans (56%) own life insurance, up three percentage points from 2020.
- Among Black Americans who own life insurance, two thirds say the primary reason they own it is to cover burial costs and final expenses, significantly higher than the overall population (48%).
- Black Americans are more likely than the overall population to say they use social media as a source of financial information. The top three sites used are Facebook (34%), YouTube (30%), and Instagram (20%).
- Black Americans turn to financial advisors at the same rate as the overall population (43%). However, Black Americans are more likely than the general population to be looking to engage a financial professional (30% versus 25%).
- More than half of Black life insurance owners (51%) wish they'd purchased their policy at a younger age.



## Why Consumers Buy/Don't Buy Life Insurance:

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## Lack of Knowledge About Life Insurance Contributes to the Coverage Gap

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- Just 31% of Americans say they are very or extremely knowledgeable about life insurance. Prior research shows consumers with higher knowledge are 30% more likely to have adequate life insurance coverage.
- The top reason people give for not purchasing coverage is that it is too expensive. Yet more than half of Americans overestimate the cost of life insurance three-fold.
- More than half of Americans (53%) say they haven't purchased (or purchased more) life insurance because they are unsure how much they need or what type to buy.
- A third of consumers believe they would have to pay taxes on a life insurance death benefit and 4 in 10 aren't sure. The reality is the proceeds from a life insurance death benefit are not taxed.
- About 30% of consumers view life insurance only for burial and final expenses. This perception of life insurance could result in not purchasing enough coverage to provide income replacement or enable wealth transfer — two key ways life insurance can benefit loved ones after a wage earner dies.

## Women and Life Insurance Ownership

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- Women are less likely than men to own life insurance. Just 47% of women own life insurance, compared with 58% of men. This represents the fifth consecutive year of life insurance ownership declines for women.
- Approximately 14% of women — more than 18 million — lost their life insurance coverage in 2020, with more than a third (36%) saying it was due to unplanned job loss.
- While women express more concern about COVID-19 overall, women were less likely than men to say they planned to buy life insurance due to the pandemic (29% versus 33%).
- Only 22% of women feel very knowledgeable about life insurance. In contrast, 39% of men say they are very knowledgeable about life insurance.
- Women were more likely than men to say the major reason they have life insurance is to pay for burial expenses (53% versus 44%). Women were much less likely than men to consider it as a way to supplement their retirement income (33% versus 24%).
- Forty-four percent of uninsured and underinsured women say they need (or need more) life insurance but only 31% of women plan to buy in 2021.

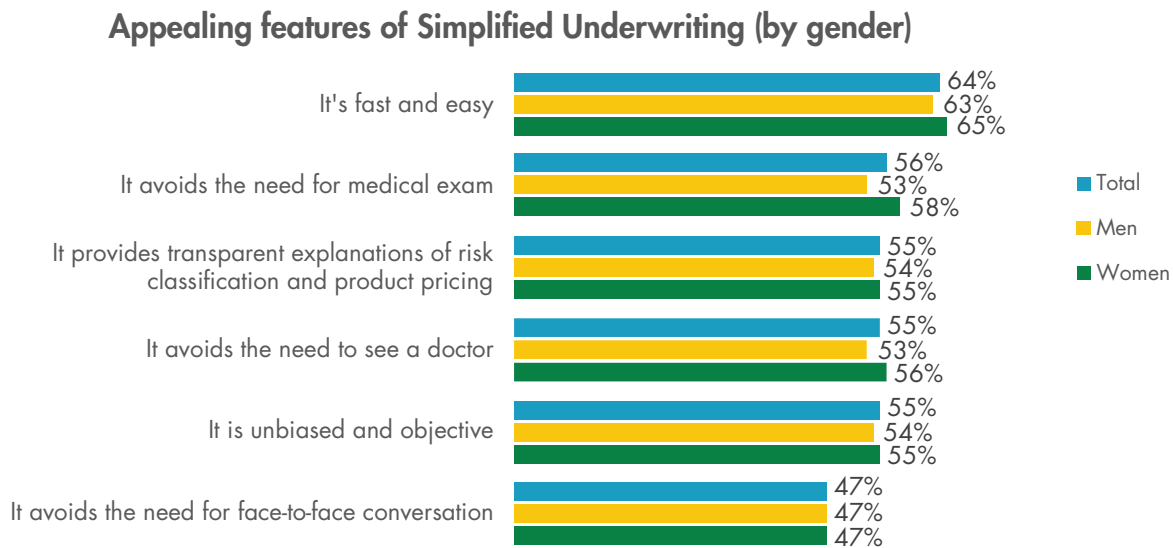
## Making the Life Insurance Process Simpler

- Overall, almost half (48%) of Americans are more likely to buy life insurance if simplified underwriting is used.
- Generation X consumers (52%) are more likely than other younger generations (47%) to consider buying a policy using simplified underwriting.
- Women are more likely to cite convenience factors (fast and easy, avoid medical exam or need to see a doctor), as reasons they would prefer simplified underwriting.



Figure 1

### Appealing features of Simplified Underwriting (by gender)



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