

# 2022 Insurance Barometer Study



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2022

# Insurance Barometer Study

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# Methodology

The Insurance Barometer is an annual study that tracks the perceptions, attitudes, and behaviors of adults (aged 18 – 75) in the United States. The study objectives are to measure financial concern among American consumers and relate these findings to financial behaviors with a particular focus on life insurance (Table 1).

In January 2022, LIMRA and Life Happens engaged an online panel to survey adult consumers who are financial decision makers in their households. The survey generated 8,517 responses.

Models used in the sample development include a propensity model to adjust for sample selection error and weighting models to adjust for sample response error. In addition, please note:

- Some consumers do not participate in online panels, creating selection bias in survey samples. A propensity-score adjustment corrects for selection biases inherent in internet panels.
- The response sample has a weighting adjustment along age, gender, race, ethnicity, region, and income dimensions. The weight helps the demographic characteristics of the sample to align with the population.
- The margin of error in this study is +/- 3 percentage points.
- Asian/Black Americans are those respondents who self-identify as Asian/Black only, respondents self-identified as Hispanic may also be members of any race (e.g., White, Black, Asian).
- Respondents include retired and unemployed adults.

TABLE 1  
**U.S. Population and Survey Sample by Generation**

Generation	Ages in 2022	U. S. Population Size (Millions) <sup>1</sup>	Sample Size (Weighted)	Percent of Sample
Gen Z (1997 – 2003)	18 to 24	38.2	583	7%
Millennials (1981 – 1998)	25 to 41	72.3	2,959	35%
Generation X (1965 – 1980)	42 to 57	65.0	2,382	28%
Baby Boomers (1946 – 1964)	58 to 75	70.7	2,593	30%
Total	18 to 75	246.1	8,517	100%

<sup>1</sup>Total U.S. Resident Population by Age and Sex, U.S. Census Bureau, Demographic Analysis, December 2020.

# Key Findings

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## Life Insurance Need-Gap

- Life insurance owners who want more coverage represent 1 in 10 respondents, about the same level as in 2021. This indicates more business value exists within the industry's current policyholder base.
- Non-owners who need life insurance represent 31 percent of all respondents, a 3-point rise from 2021. This indicates the industry's overall market opportunity is growing.

## Financial Readiness

- Life insurance is a key element in feeling financially secure. Among insureds with financial dependents, 68 percent feel secure, compared with 47 percent of non-insureds. Consumers with overlapping sources of coverage (i.e., workplace and individual coverage) have the highest likelihood of feeling secure.
- Discomfort with end-of-life discussions is an issue for 40 percent of respondents. The industry cannot underestimate how deeply such feelings affect consumers. Many are more comfortable discussing life scenarios, which focus on health and longevity. Addressing life scenarios can build the trust needed to address end-of-life planning, particularly for younger consumers.
- Most households have not prepared for the loss of a primary wage earner. One in 10 respondents say if their households' primary earners died, they would feel financial hardship *within one week*. Forty-four percent say it would take less than six months. Only 1 in 5 respondents say they have a safety net of five years or more.

## Diverse Markets

- Saving for retirement, long-term care expenses, and disability income protection are all top-five financial concerns in each race/ethnic segments. Marketing and distribution professionals can rely on the importance of these topics in diverse segments, and can leverage these subjects as a way to reach underserved markets.
- Among individual life owners, respondents identifying as Black report the highest ownership of permanent coverage (68 percent), with Hispanics and Whites close behind (66 percent). Asian respondents are the least likely to report having permanent coverage (61 percent).
- Black, Hispanic, and White insureds are much more likely to own permanent than term coverage. Yet, the difference is far greater among Blacks (26 points) than for Hispanics (17 points), Whites (16 points) or Asians (1 point). Asians are the only race/ethnic segment to say they are as likely to own term coverage as they are to own permanent coverage.
- The perceived need for life insurance is highest among respondents identifying as Black (75 percent). This is slightly higher than among Asian respondents (72 percent), but significantly higher than among Hispanic (69 percent) or White (66 percent) respondents.

## Life Insurance Trends

- Women are much less likely than men to have life insurance. The 7-point gender gap identifies marketing opportunities for the industry. The Help Protect Our Families program recently published materials on this important segment (see LIMRA, [https://www.limra.com/siteassets/research/research-abstracts/2022/u.s.-life-insurance-markets-womens-brief/2022\\_life-ins-brief-us-women.pdf](https://www.limra.com/siteassets/research/research-abstracts/2022/u.s.-life-insurance-markets-womens-brief/2022_life-ins-brief-us-women.pdf))
- The 65-and-older segment holds 10 times the wealth of younger generations, and they are the only age group that is growing as a proportion of the overall population.<sup>2</sup> When consumers reach the retirement-age threshold, they tend to lose workplace benefits. This trend creates a growing opportunity for the retail life and long-term care sectors.
- Individual life insurers can emphasize living benefits (e.g., LTC riders) and many other reasons for older consumers to obtain coverage, including final expenses, generational inheritances, and charitable endowments. As more consumers cross this key age threshold, these marketing and communication themes will become increasingly important.
- The life insurance ownership rate among Baby Boomers leads all generations, but the industry should not presume that future generations would increase ownership to the same level. The industry must focus on engagement with Millennials and Gen Z, which implies greater focus on digital media and streamlined business processes.

## Financial Professionals

- The market for financial advisors is growing. Currently, 42 percent of respondents say they have a primary professional financial advisor. Another 1 in 4 (23 percent) say they are looking for an advisor, which reflects an increase of 9 points from 2018.
- An online presence is very important for financial professionals seeking new clients. Over half (52 percent) indicate they sought information about an agent or financial advisor online.

## Use of Social Media for Financial Topics

- Facebook was the most commonly mentioned site used for financial information in 2019 and remains on top in 2022. Its share of these users increased from 53 percent to 64 percent in the last three years.
- YouTube experienced strong growth among these users, moving from a 32 percent share in 2019, to 58 percent in 2022. This trend may continue, as members of Gen Z prefer the video platform.

## Purchase Preference

- Respondents indicate a large shift favoring online life insurance shopping and purchasing. This is due to advances in technology, as well as the pandemic. Preference for shopping online increased 29 percent over the last six years.

## Financial Concerns

- In 2022, concern over **Health** related expenses tops the financial concern hierarchy. Concern over **Saving Goals** occupies the second layer, followed by **Life Insurance** and **Living Expenses**.
- In 2020, concern for **Life Insurance** moved into the third layer of the financial concern hierarchy and remains there today, which suggests the average consumer is now willing to pay more attention, and financial resources, to their household's life insurance needs.

<sup>2</sup> "65 and Older Population Growing Rapidly as Baby Boomers Age," U.S. Census Bureau, <https://www.census.gov/newsroom/press-releases/2020/65-older-population-grows.html>, press release, June 2020.

# HOT TOPIC #1 – The Life Insurance Need-Gap

The Insurance Barometer generates a number of important market metrics for the industry. The life insurance need-gap is an important measure because it represents the total level of life insurance need among all American adults. Tracking this metric annually enables the industry to assess business opportunities in the present-day market and evaluate those opportunities relative to prior years.

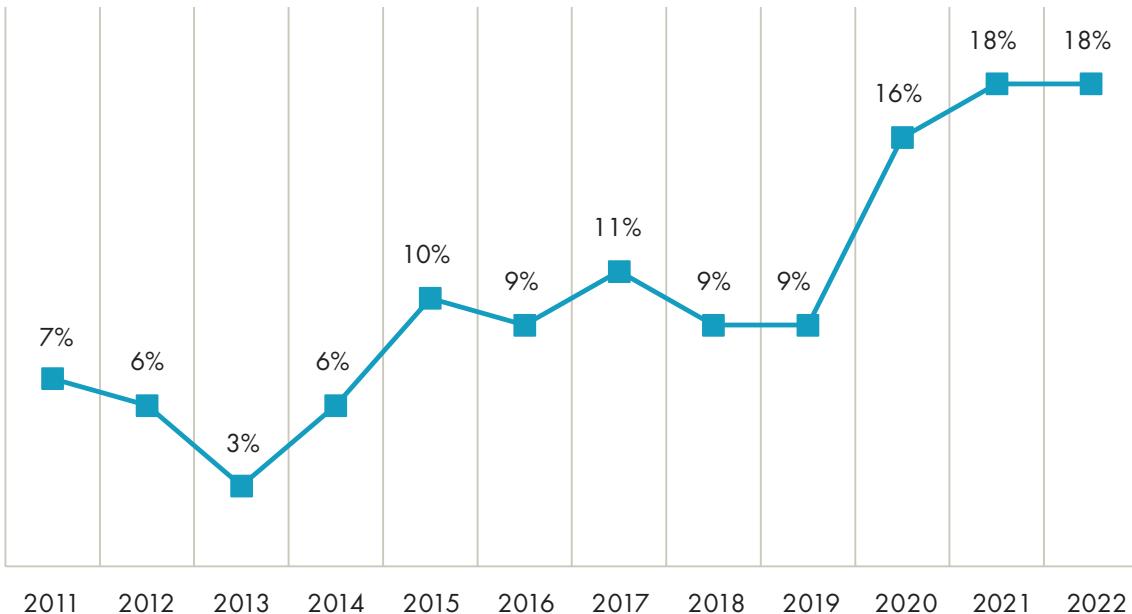
## The Gap Between Need and Have

A simple way to measure the level of unmet need for life insurance is to measure the difference between those who say they “need” life insurance and those who say they “have” it. In 2011, 70 percent of respondents said they need life insurance, while 63 percent said they have it, this indicated a 7-point gap between need-and-have. In 2022, the gap between need-and-have is 18 points, indicating the unmet need for life insurance has more than doubled over the past 12 years.

Figure 1 illustrates the gap between need-and-have from 2011 to 2022. In the first seven years of the study, this metric moved between a low of 3 points in 2013 to a high of 11 points in 2017. Year-to-year variations did not exceed 4 points until 2020, when the metric rose to 16 points.

The jump of 7 points in one year indicates that unmet need for life insurance rose with awareness of the COVID 19 pandemic. While this metric does not tell us everything about the need for life insurance, the historical context shows that the unmet need for coverage rose significantly in 2020 and remains elevated in 2022.

FIGURE 1  
**The Gap Between Need and Have – 2011 to 2022**



The recent growth in the gap between need-and-have is due to movement in both components. In 2020, there was a 4-point rise in the need for life insurance (to 70 percent), combined with a 3-point drop among those who have it (54 percent). Small changes in each component resulted in a 7-point increase in the gap. In 2021, life insurance need remained at 70 percent among respondents, but only 52 percent said they had coverage. The difference remains at 18 points in 2022, due to declines of 2 points in both components.

The gap between need-and-have illustrates one simple measure of unmet consumer demand for life insurance; however, it does not draw the complete picture of life insurance need among consumers. That requires separate views of owners and non-owners.

## The Life Insurance Need-Gap

To identify respondents who need life insurance we include the non-owners who need coverage, as well as life insurance owners who need more coverage. Table 2 reveals that 41 percent of respondents say they need life insurance or need to get more life insurance coverage. This represents a one-point rise from 2021, which suggests the overall level of unmet need has been stable over the past 12 months.

- Life insurance owners who want more coverage represent 1 in 10 respondents, about the same level as in 2021. This indicates more business value exists within the industry's current policyholder base.
- Non-owners who need life insurance represent 31 percent of all respondents, a 3-point rise from 2021. This indicates the industry's overall market opportunity is growing.

TABLE 2  
**The Life Insurance Need-Gap – 2021 and 2022**

Segment Definition	Percent of Adults With a Life Insurance Need-Gap		Number of Adults With a Life Insurance Need-Gap (in millions)	
	2021	2022	2021	2022
Insureds who need more coverage	11%	10%	29	26
Non-owners with need	28%	31%	73	80
Total need-gap	40%	41%	102	106

Blending U.S. population data<sup>3</sup> with the survey results suggests the total life insurance need-gap now encompasses 106 million adults, a rise of 4 percent from 2021.

- The need-gap among owners declined by 3 million, which may reflect industry efforts to increase protection levels for policyholders during the pandemic.
- The need-gap among non-owners grew by 7 million, which may reflect higher levels of perceived need, combined with lower levels of ownership.

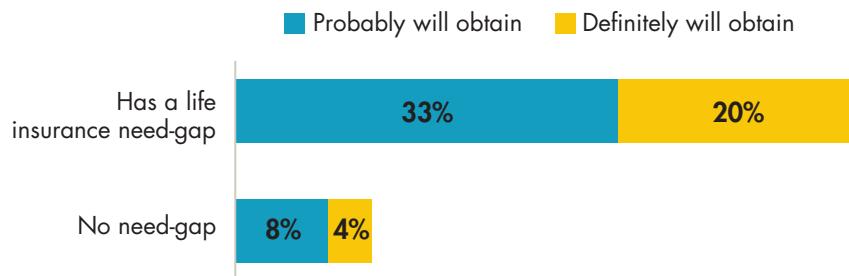
<sup>3</sup>Total U.S. Resident Population by Age, Sex, and Series, U.S. Census Bureau, Population Division, Demographic Analysis, December 2020 release.

## Likelihood to Buy and the Life Insurance Need-Gap

It is very unlikely that all consumers who say they have a life insurance need-gap will obtain coverage in the next year. Many have legitimate reasons for not having the coverage they want. Yet, having a life insurance need-gap clearly influences a consumer's likelihood to buy coverage.

Among non-owners with a need-gap, more than half (53 percent) say they are likely to obtain coverage in the next year (Figure 2). The significance of their purchase intent becomes clear when compared to other non-owners, among whom only 12 percent say that they are likely to obtain a policy this year.

FIGURE 2  
**Likelihood to Obtain Coverage by Need-Gap Segment**



### Demand for Life Insurance Among Non-owners

The likely-to-buy metric represents active interest in life insurance; it enables an estimate of present-day market opportunity among non-owners. As there are 80 million non-owners with a need-gap, and 53 percent are likely-to-buy, the data suggest current interest from 42 million non-owners over the next 12 months.

### Life Insurance Need-Gap Segments

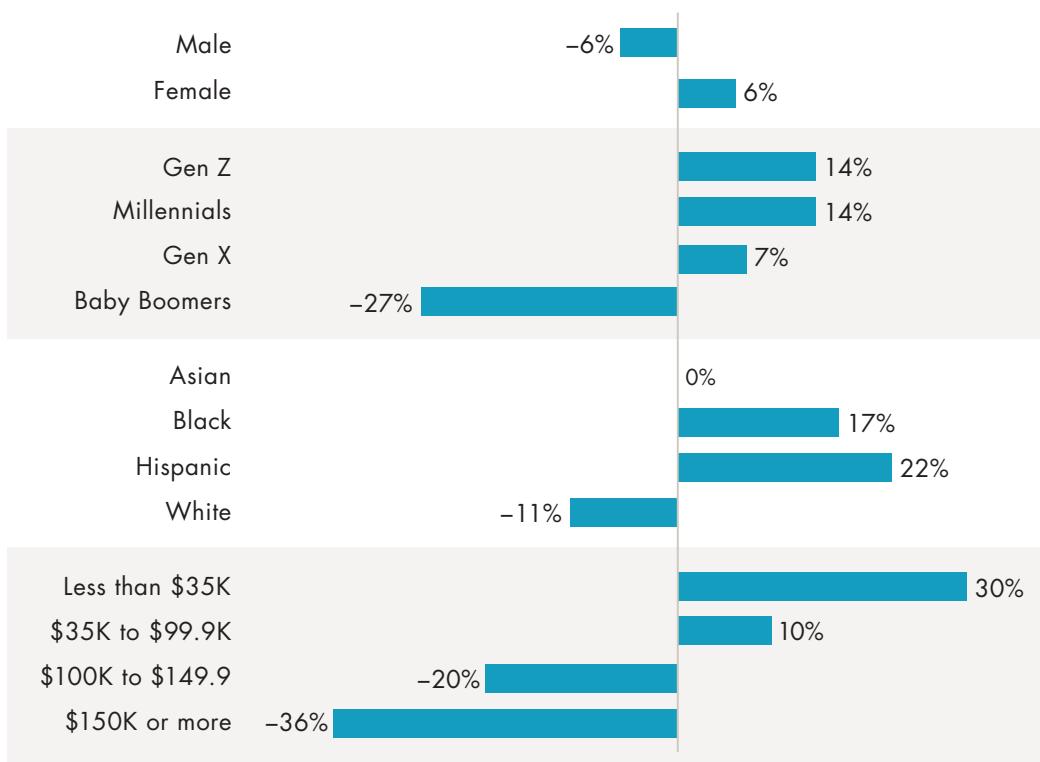
It is essential for the industry to understand the personal characteristics of consumers who live with a life insurance need-gap. This information is critical in the creation of marketing strategies and distribution tactics. However, understanding all consumers with a need-gap is not a simple task because they represent so many Americans. Thus, need-gap segments are not niche markets; each group of owners and non-owners represents a mass market with millions of diverse consumers.

Demographic characteristics are useful for understanding the different types of people who live with a life insurance need-gap. Figure 3 illustrates the relative level of life insurance need across four important demographic characteristics: gender, generation, race/ethnicity and household income.

The segments with positive values contain a higher proportion of respondents who say they need coverage. This information suggests life insurance need is highest among the following consumer segments:

- Households earning under \$35,000 per year
- Those identifying as Hispanic or Black Americans
- Millennials and Gen Z (aged 18 to 41)
- Females

FIGURE 3  
**Relative Need for Life Insurance by Demographic Segment**



While the information in Figure 3 provides a condensed view of life insurance need across different consumer segments, it does not illustrate the relative size of each segment. The following analysis estimates the size of each need-gap segment, so that the industry can evaluate market opportunities within different groups.

### Need-Gap Segment Profiles

This analysis blends the level of life insurance need with U.S. population data to estimate the number of consumers in each segment (Table 3). This view of unmet life insurance need suggests the largest business opportunities exist in these consumer segments:

- Whites
- Females
- Household incomes of \$35,000 to \$99,999
- Millennials

For the industry, unmet need among life insurance owners is particularly important, because they represent current customers who are not entirely satisfied with their protection status. The industry will find higher concentrations of owners with a need-gap in the following consumer segments:

- Females
- Household incomes of \$35,000 to \$99,999
- Baby Boomers
- Hispanics

TABLE 3  
**Life Insurance Need by Demographic Segment and Ownership**

Demographic Group	Percent With Need			Number With Need (millions)		
	Owners	Non-Owners	Total*	Owners	Non-Owners	Total*
<b>GENDER</b>						
Male	9%	29%	39%	12	39	50
Female	11%	33%	43%	14	44	56
<b>GENERATION</b>						
Gen Z	4%	44%	48%	1	8	9
Millennials	8%	39%	47%	8	36	43
Gen X	11%	32%	43%	8	24	31
Baby Boomers	12%	18%	30%	10	15	24
<b>RACE/ETHNICITY</b>						
Hispanic	11%	40%	51%	5	19	23
Black	14%	34%	48%	4	11	15
Asian	14%	31%	45%	2	5	8
White	9%	28%	37%	4	46	60
<b>HOUSEHOLD INCOME</b>						
Under \$35,000	8%	47%	55%	4	24	28
\$35,000 – \$99,000	12%	33%	44%	13	36	48
\$100,000 – \$149,000	11%	22%	33%	8	15	22
\$150,000 or more	7%	18%	25%	2	7	9

\*Owner + non-owners may not equal total due to rounding

**Gender** — The overall need for life insurance is higher among women than among men, the difference is even larger among non-owners. This information suggests 57 million women need life insurance, 14 million owners and 43 million non-owners. Among males, it suggests 51 million have need, of which 12 million are owners and 39 million are non-owners.<sup>4</sup>

**Generation** — Life insurance need is high among Gen Z, but only 18 million have reached adulthood. This means the business opportunity among Gen Z is currently just 9 million young adults (aged 18 to 24); most of whom are non-owners.

<sup>4</sup> Total U.S. Resident Population by Age, Sex, and Series, U.S. Census Bureau, Population Division, Demographic Analysis, December 2020.

Life insurance need among millennials is equally high; however, Millennials are a much larger segment of the adult population. This means the business opportunity among Millennials is significantly larger; data indicate present-day need among 43 million consumers between the ages of 25 and 41.

The two older generations contain smaller opportunity overall; however, they contain a large number of life insurance owners who want more coverage. Among Gen X, 11 percent of owners have need, suggesting 8 million are in the market for coverage. Need among owners is highest among Baby Boomer (12 percent), which suggests need from 10 million owners aged 58 to 75.

**Race/Ethnicity** — Respondents identifying as Hispanic expressed the highest need for life insurance (51 percent). This suggests present-day interest from 23 million Hispanic consumers. Among respondents identifying as Black, 48 percent need life insurance, which indicates need among 15 million Black consumers.

Among Asian respondents, 45 percent say they need life insurance, which includes a relatively high percentage of owners (14 percent). This suggests life insurance need among 8 million Asian consumers, including 2 million owners. For White respondents, the need for life insurance is relatively low but their numbers are large. This indicates life insurance need of 14 million owners and 45 million non-owners.

**Household Income** — Life insurance need is highest among lower income respondents, indicating interest from more than 28 million in this group. This may be a challenging segment to serve, given their limited financial resources. Yet, their very high level of need suggests it is an underserved market.

Among respondents earning \$35,000 to \$99,999 per year, 45 percent say they need life insurance. The high level of need combined with the large number of households suggests interest from 48 million middle-class consumers.

Among respondents with incomes of \$100,000 to \$149,999, one third (33 percent) say they need life insurance. This suggests need from 22 million *mass-affluent* consumers. Among the highest income group, the need for life insurance is much lower, and these respondents represent a smaller number of households, thus only 9 million need life insurance.

## Reasons for Having a Life Insurance Need Gap

Consumers who do not have life insurance, or do not have as much coverage as they want, have reasons for this gap. On average, those with a need-gap cite at least two reasons for not having the coverage they need. Figure 4 illustrates the popularity of different reasons for living with a need-gap; the top-three reasons are the same for owners and non-owners:

1. It is too expensive
2. Have other financial priorities
3. Not sure how much they need/what type to buy

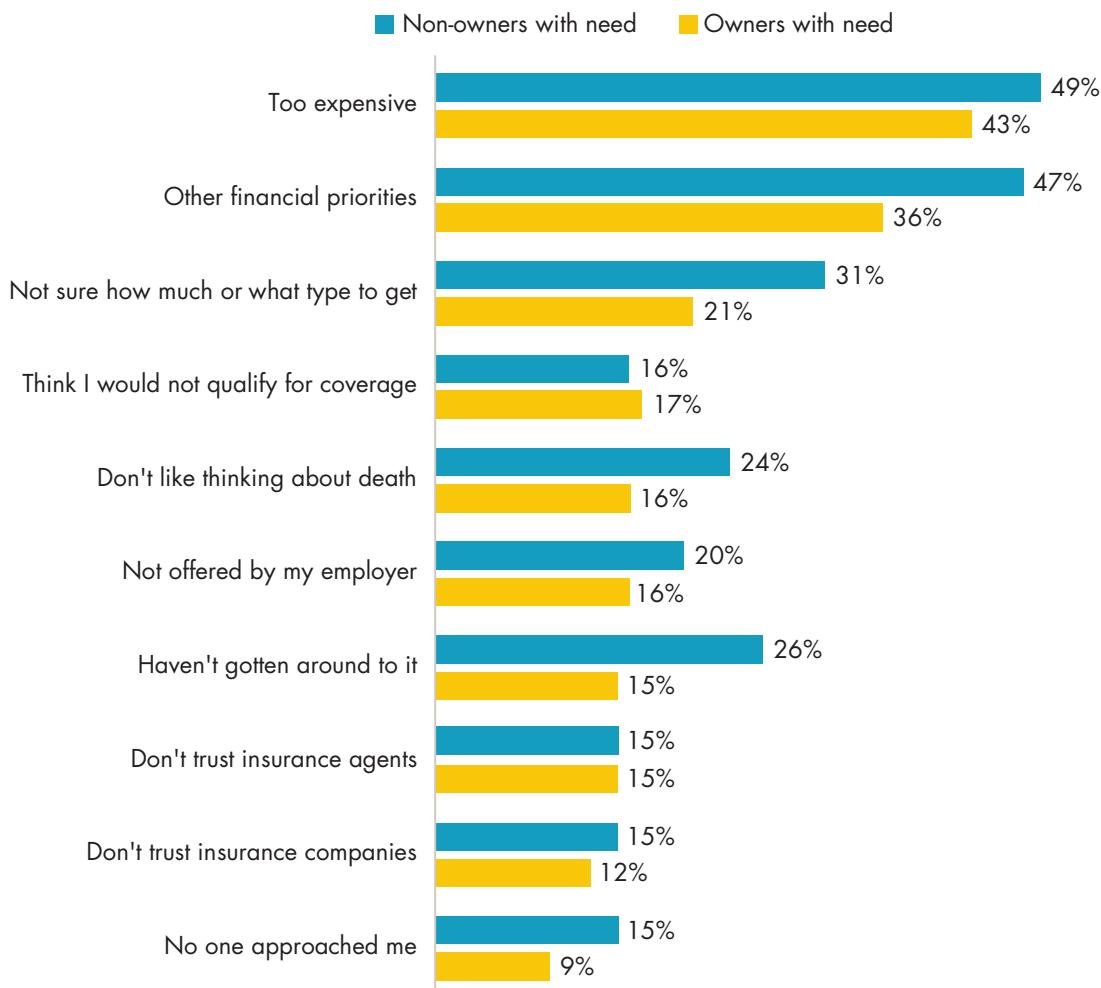
Many of the reasons identified in Figure 4 are common impediments to obtaining coverage. The information is helpful to understand how often industry professionals will encounter different barriers and adjust sales tactics to address the most likely objections up front.

## Reasons for Not Having (More) Coverage by Market Segment

There is a surprising amount of consistency in reasons for not obtaining coverage across demographic groups. In most instances, the top-three reasons are the same: expense, other priorities, and uncertainty over what to get.

FIGURE 4

### Reasons\* for Not Having (More) Life Insurance – By Need-Gap Segment



\*"Major "reasons for not having (more) coverage

**Gender** — Women and men have the same top-three reasons for not having (more) coverage. Women are more likely to cite each reason. In particular, they are more likely to cite uncertainty over how much or what type to get.

**Generation** — Among generations, the top-three reasons are the same; however, younger generations rank them differently. Uncertainty about products is much higher among Millennials and Gen Z, and they are more likely to say they would not qualify for coverage (tied for third on their top-three).

**Race/Ethnicity** — There are very few differences on this question across race/ethnicity.

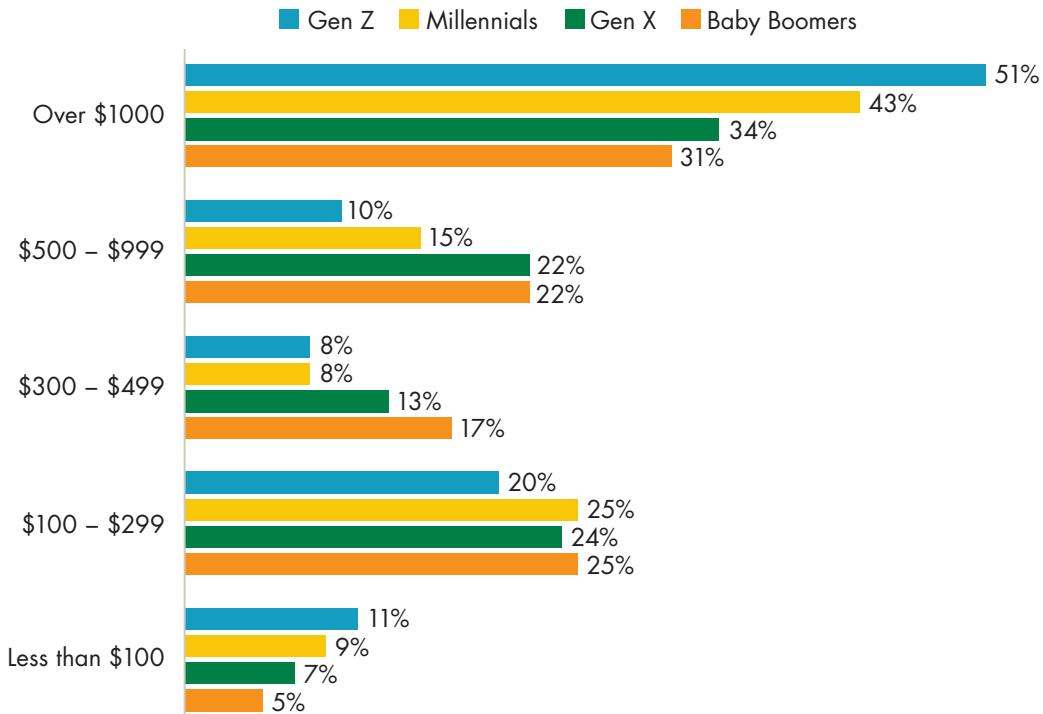
<sup>4</sup> Total U.S. Resident Population by Age, Sex, and Series, U.S. Census Bureau, Population Division, Demographic Analysis, December 2020.

**Household Income** — For those earning \$150,000, expense, other priorities, and procrastination are the top-three reasons for having a need-gap; this is the only income group with a different top-three than the overall selections.

## Expected Cost of Term Life Insurance Coverage

The Insurance Barometer has surveyed Americans on what the expected annual cost of a 20-year \$250,000 term life policy for a healthy 30-year old would cost. As with every year prior, respondents greatly overestimate the cost (Figure 5). Just as in 2021, over half of the respondents say the policy would be \$500 per year or more. The average cost of such a policy is closer to \$170 per year, suggesting more than half the population thinks term life insurance is three times more expensive than it is.

FIGURE 5  
Estimated Annual Cost of Term Insurance\*



\*Estimated yearly cost for a \$250,000 20-year term-life policy for a healthy, nonsmoking 30-year old

Gen Z was the least likely generation to select an amount between \$100 and \$300 and they, along with Millennials, were most likely to estimate a cost of \$1,000 per year or more. There are few other products that consumers overestimate by such a large margin, representing a major stumbling block to overcome for the industry.

## Addressing the Need-Gap

- Life Happens and LIMRA are leading the Help Protect Our Families (HPOF) program (see *Closing the Life Insurance Coverage Gap*, [limra.com](https://limra.com).) This program includes information, tools, and events.
- Life Happens, the consumer education nonprofit, created and has coordinated Life Insurance Awareness Month each September since 2004. It has a wide range of consumer-education information on [lifehappens.org](https://lifehappens.org) and resources for companies and producers at [lifehappenspro.org](https://lifehappenspro.org).

## HOT TOPIC #2 – Financial Readiness

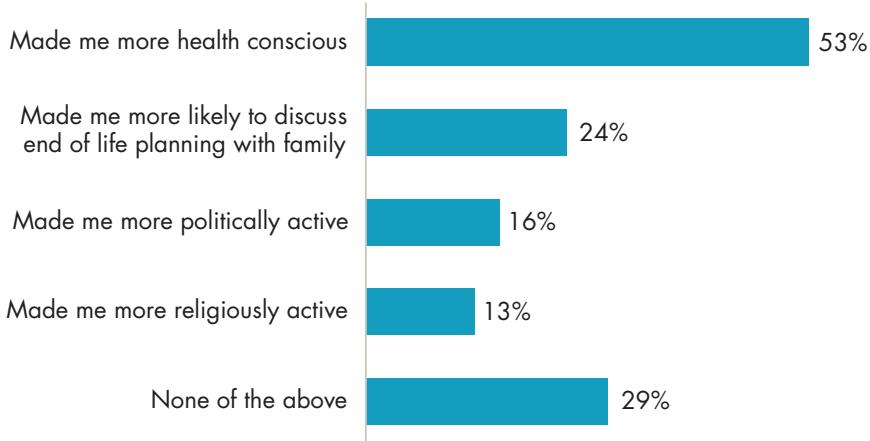
**This year, the Insurance Barometer examines what Americans have done to prepare for the death of their households' primary wage earners. Has the COVID-19 pandemic prompted consumers to prepare both their finances and their families?**

### How Prepared Are Americans for the Death of a Loved One?

By early 2022, COVID-19 had killed nearly one million Americans, and 80 million more had contracted the virus.<sup>5</sup> The pandemic serves as a stark reminder of why it is important for households to prepare for such unfortunate circumstances. Yet, even in this time of heightened awareness, many families have not prepared themselves financially.

The data in Figure 6 show how the pandemic has affected consumer attitudes across a number of different dimensions. The top influence is on health consciousness, as more than half (53 percent) of all respondents say they are now more health conscious. However, the pandemic does not have the same level of influence on end-of-life planning, as just one-quarter (24 percent) of respondents say it compelled them to discuss end-of-life scenarios with their families.

FIGURE 6  
**Pandemic Effects on Consumer Attitudes**



The information in Figure 6 reinforces an important message for the industry. It suggests twice as many consumers made changes to benefit themselves (i.e., their personal health) than made changes to benefit the ones they might leave behind. This reinforces the importance of comprehensive planning for families, especially those for whom life insurance alone is too difficult to address. Marketers and distributors can include more information that address a mix of life scenarios (e.g., health, disability, and long-term care) as well as end-of-life scenarios.

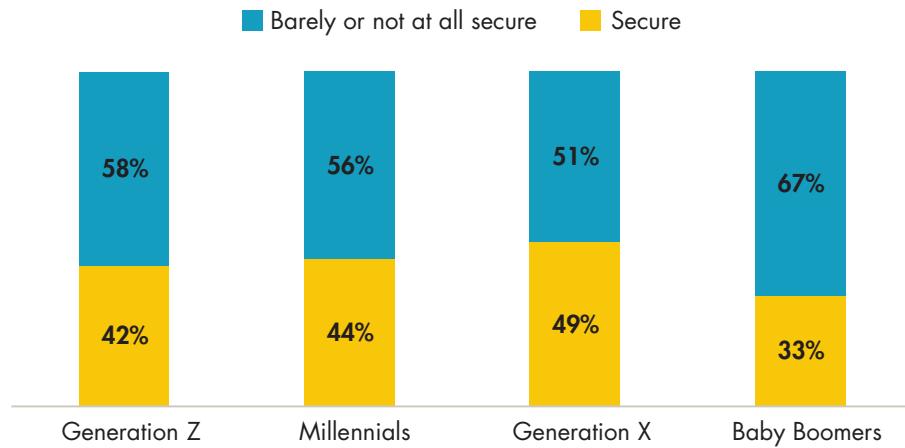
<sup>5</sup> CDC, COVID Data Tracker, <https://covid.cdc.gov/covid-data-tracker/#datatracker-home>, accessed March 17 2022.

## Financial Security

Financial security is important for all Americans, but those with financial dependents bear an additional burden, namely leaving their dependents in a difficult financial situation should they die prematurely. Among Americans with financial dependents, 2 in 5 say they are *barely or not at all financially secure*.

There are a number of factors that drive overall financial security, such as household income and employment status. However, it is important for the industry to see that lack of financial security is not a factor just among the very young or the very old; members of all generational cohorts say they and their financial dependents are insecure (Figure 7).

FIGURE 7  
**Perceived Financial Security by Generation\***



\*Respondents with financial dependents

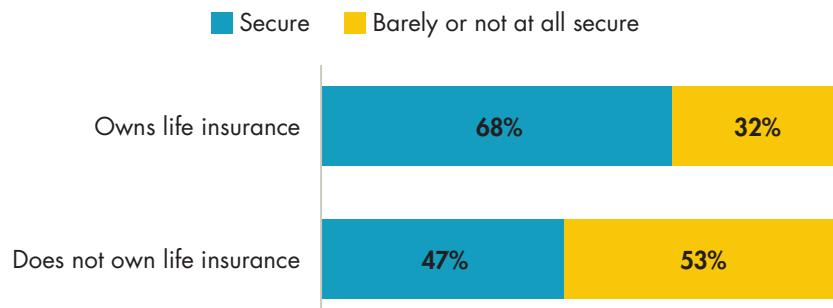
Older respondents tend to be more financially secure, as two thirds of Boomers say they are secure. Even among this most secure generation, which holds 10 times the wealth of Millennials, it is concerning that a third of Boomers report financial insecurity. It is also interesting to see that insecurity is highest among Gen X (49 percent). This finding highlights an important business opportunity for financial professionals among consumers aged 42 to 57. These consumers are quickly approaching retirement age, are in their prime earning years, and are in need of financial planning assistance.

## Financial Security and Life Insurance

As noted, financial insecurity exists in many demographic groups, which include gender and race/ethnic segments. However, one behavioral factor significantly reduces financial insecurity, i.e., life insurance ownership.

Two thirds (68 percent) of life insurance owners report that they feel financially secure as compared to 47 percent of non-owners (Figure 8). This is a statistically significant difference and provides important information for the industry and for consumers at-large. If consumers want to feel more secure, this shows that having life insurance can help them.

FIGURE 8  
**Financial Security by Life Insurance Ownership\***

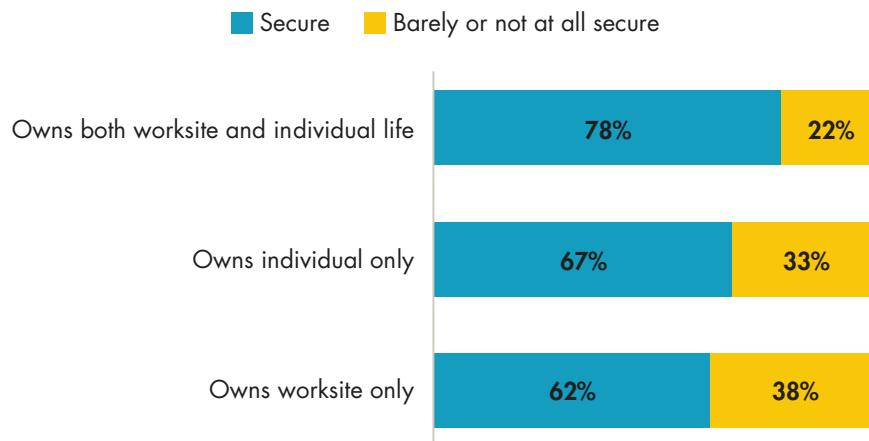


\*Respondents with financial dependents

## Overlapping Coverage Sources

The influence of life insurance on financial security is not limited to simply having coverage. If consumers have overlapping coverage sources, they are even more likely to feel financially secure. More than 3 in 4 (78 percent) respondents with both worksite and individual coverage say they are financially secure (Figure 9). This is significantly higher than among those who do not have overlapping coverage sources.

FIGURE 9  
**Financial Security by Source of Life Insurance\***



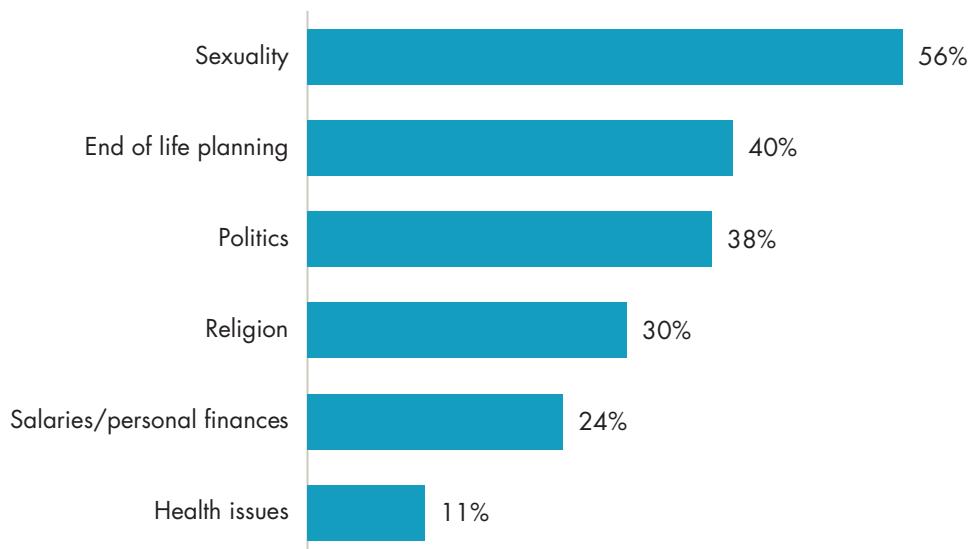
\*Respondents with financial dependents

## End-of-Life Planning

It is clear that many consumers want life insurance, and that significantly more insureds enjoy financial security when compared with respondents who do not own coverage. However, the decision to obtain life insurance is not that simple for many. The process requires the type of discussions that many Americans find uncomfortable.

To understand the relative level of discomfort, respondents were asked to rate their level of comfort with end-of-life discussions alongside other challenging discussion topics. The data in Figure 10 reveal that discussions about death are the second most difficult topic for people to address (40 percent), behind issues relating to sexuality (56 percent).

FIGURE 10  
**Relative Discomfort With Challenging Discussion Topics**



While end-of-life discussions are difficult for all market segments, age appears to be a strong influence on level of discomfort. Younger respondents (i.e., Gen Z and Millennials) are less comfortable talking about end-of-life planning. This reinforces the need to discuss a number of different life scenarios with consumers, particularly younger ones.

There are some cultural differences at play as well (see Diverse Markets Hot Topic in this study). In addition to life insurance ownership, cultural differences play a role in discussing life insurance. It is important for financial professionals and industry communications to demonstrate this type of cultural awareness.

Financial professions can view the information in Figure 10 as a roadmap for discussion topics with new clients. Many new clients may find it easier to begin conversations with topics such as health issues and personal finances, before they will be comfortable talking about end-of-life planning.

## How Long Until Financial Hardship?

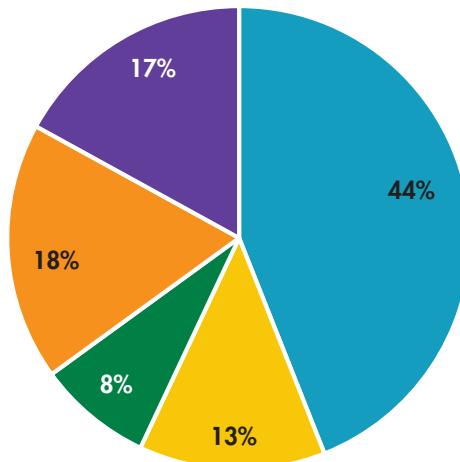
Americans do not save enough money to manage an unexpected expense, and many have a life insurance need gap. Nearly half admit that they are not financially secure enough to weather the death of a primary wage earner. Just how much income replacement would be needed is a personal opinion, but the Insurance Barometer survey asked respondents how long they think it would be before members of their households would feel the financial impact if a primary wage earner were to pass away (Figure 11).

Ten percent said they would feel the impact within one week. Forty-four percent reported it would be within six months. Only 1 in 5 responded that it would take five years or more for their families to be financially hurt; and nearly as many do not know (17 percent).

Americans are largely unprepared for significant financial disruptions. Of those surveyed, 38 percent reported that saving for an emergency fund was a concern, second only to saving for a comfortable retirement. The COVID-19 pandemic forced many to think about uncomfortable concepts like their own mortality and seems to have contributed to an increase in individual life insurance ownership; there is still a coverage need-gap and lack of financial preparedness. The Insurance Barometer asked respondents what they would rely on should a primary wage earner pass away unexpectedly.

FIGURE 11  
**Time to Financial Hardship if Primary Wage Earner Dies**

■ Six months ■ One year ■ Two years ■ Five or more years ■ Don't know



More than half of the 44% who say they will have financial difficulties within six months say that they would not make it past one month

About half of consumers said they would turn to life insurance and/or savings accounts. In other words, with half of those surveyed reporting that they own a life insurance product and half of those surveyed answering that they would rely on the same when necessary, it is clearly a valued product and a message to share with both prospects and clients.



## Addressing the Lack of Financial Preparation

Americans put off talking about end-of-life planning as well as purchasing protection products like life insurance. Despite the upheaval the pandemic caused, only a quarter of Americans say it made them more likely to have end-of-life discussions with loved ones. These discussions are the foundation for life insurance, and they are important. Life insurance ownership alone is not a magic balm to facilitate these conversations, as a third still are not comfortable with them.

Marketers, agents, and industry advocates must be aware that different messages resonate differently among demographics. While there is no “one size fits all” approach, such awareness should help the industry when prospecting and discussing their products with potential customers.

### HOW TO HELP

- Normalize the conversation; especially for younger people and those who may have cultural reasons to avoid or delay these types of conversations. People can learn to become more comfortable talking about financial security as a broad topic and about end of life as just another scenario.
- Help financial advisors and agents promote and have the conversation. People want holistic advice, including insurance assistance, and advisors are providing more of it. Help non-insurance distribution players understand the role of insurance in financial planning and security.
- Make life insurance part of a discussion sequence, which can begin with important topics such as emergency savings and retirement preparation. Position life insurance as just one item among many, for which the industry can help them plan; they do not have to address it on their own.
- Refer to additional industry resources: [Three Ways to Start a Conversation About Life Insurance with Your Family](#), Life Happens; [Financial Security Becomes One of The Most Attractive Qualities in a Partner as Americans Enter 2022](#), Life Happens.

## HOT TOPIC #3 — Diverse Markets

The prior two Hot Topic sections identify market opportunities for the industry and define some of the barriers that prevent consumers from getting life insurance they feel they need. This section provides a focus on diverse markets. The objective of this analysis is to help the industry understand more about the financial attitudes and behaviors of consumers in different market segments.

### Financial Concerns

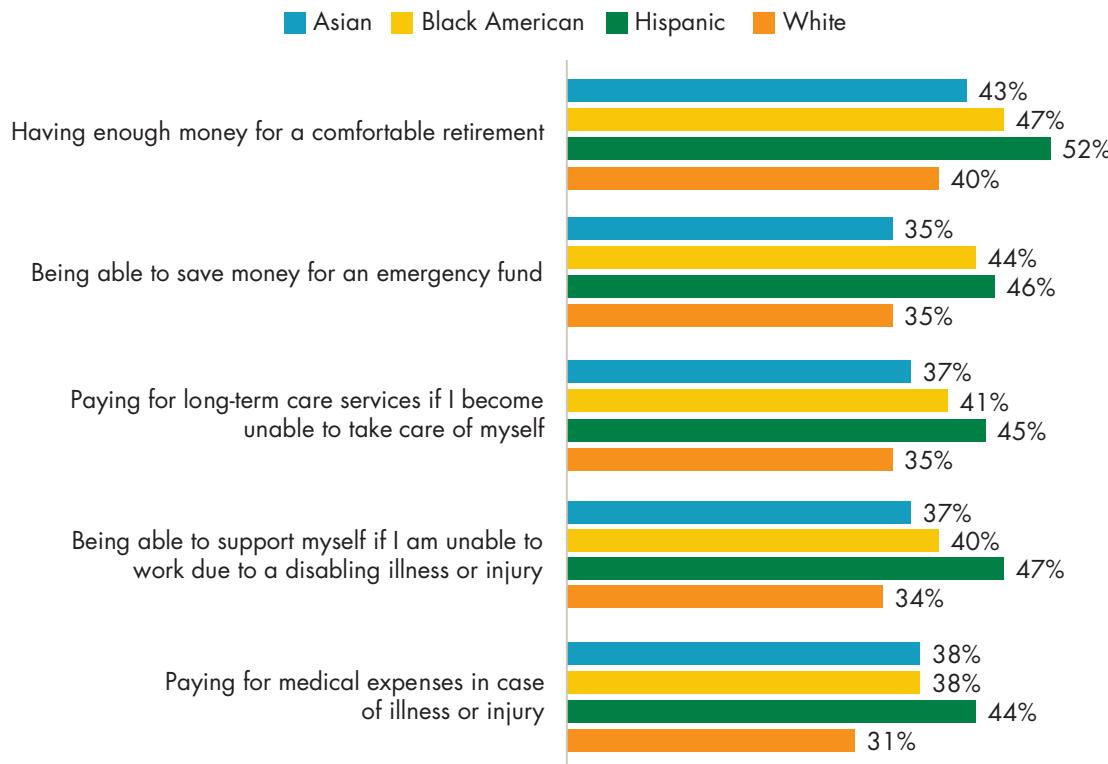
Americans share many of the same financial concerns. Race and ethnicity have an influence over the types of concerns that respondents have, but there are many similarities. Respondents identifying as Asian, Black, Hispanic, and White share many of the same top-five financial concerns (Figure 12).

### Similar Concerns

The top financial concern of all race and ethnic segments is to have enough money to retire comfortably. Concern over retirement savings is highest among Hispanics, as over half (52 percent) are **extremely** or **very** concerned, compared to 47 percent of Blacks, 43 percent of Asians, and 40 percent of Whites. Marketers and financial professionals can rely on the importance of this topic across market segments and leverage this goal as a way of reaching and serving diverse market segments.

Concern over expenses associated with long-term care services is a top-five concern for all race/ethnic segments. Concern over being able to support oneself due to disability is also a top-five concern across all these segments.

FIGURE 12  
Financial Concerns by Race/Ethnicity\*



\*Percent **extremely** or **very** concerned

## Distinguishing Concerns

The relatively high level of concern over **monthly bills** among Hispanic respondents (46 percent) suggests many members of this group are not able to address competing financial priorities. If a household does not have sufficient finances to satisfy basic living expenses, then they do not have disposable income for other financial needs such as life insurance. This is a top-five concern for Hispanic respondents, but not for other race/ethnic segments.

Four in 10 Asians (39 percent) cite job security and maintaining a steady income as a top-five financial concern. No other segment included this concern in their top-five. Being able to save money for an emergency fund made the top-five list of concerns for all segments, with the exception of Asian Americans.

## Life Insurance Ownership

Black Americans have historically owned life insurance products at higher rates than other race/ethnic groups, and that is true again in 2022, with 55 percent reporting that they have coverage. This is a similar ownership rate as reported by White (51 percent) and Asian (52 percent) respondents.

Hispanic respondents report lower levels of coverage, just 42 percent reporting having life insurance in 2022. This reflects a significant drop from the 51 percent who indicated they had coverage in 2021. This finding may simply be a one-year fluctuation in reported ownership. Time will tell if it signals the start of a decline in coverage among Hispanic Americans.

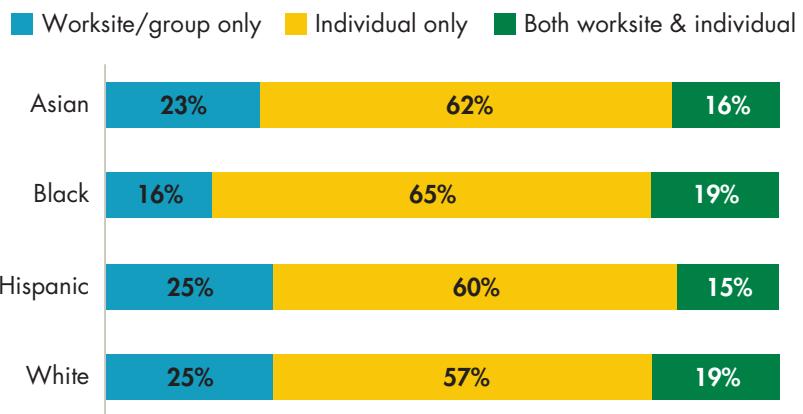
## Life Insurance by Source — Insureds

Figure 13 illustrates the source of life insurance coverage among insureds in different race/ethnic segments. As noted, insureds with overlapping coverage feel the most secure. The 2022 data indicate that overlapping coverage is highest among respondents identifying as Black or White (19 percent).

Black respondents are the most likely to report owning individual coverage only (65 percent). They are also the group that is least likely to say they have workplace coverage only (16 percent). This information suggests Black insureds feel that they have relatively high levels of financial protection.

All race/ethnic segments are more likely to own only individual life coverage rather than to have only worksite coverage. Yet, 1 in 4 of Hispanic and White insureds say they have coverage solely via employer-sponsored benefits. This suggests they are among the most vulnerable to losing coverage if their employment circumstances changed suddenly, although many plans have portability options.

FIGURE 13  
**Source of Life Insurance Coverage by Race and Ethnicity – Insureds**



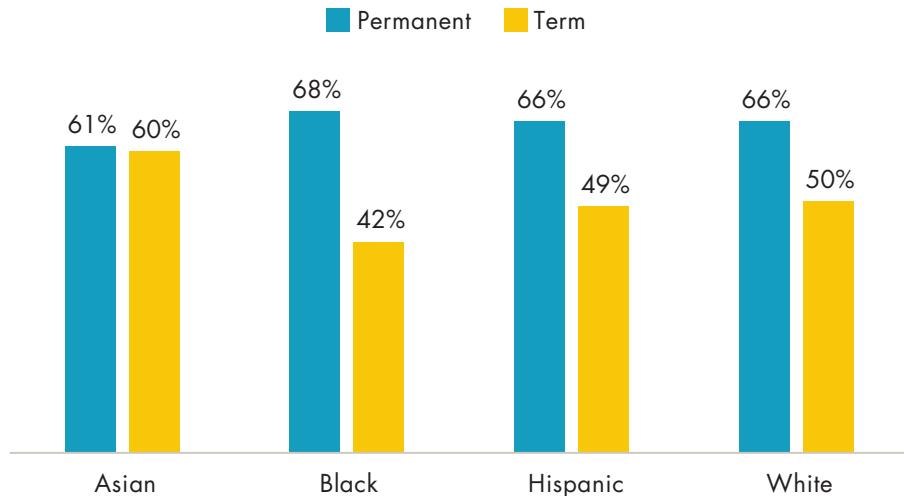
### Type of Individual Coverage Owned – Insureds

The data in Figure 14 illustrate the types of coverage owned by those who have individual policies. Among these insureds, Black respondents report the highest ownership of a permanent coverage at 68 percent. However, this is not significantly higher than for Hispanic and Whites insureds (66 percent). Asian insureds are the least likely to report having permanent coverage at 61 percent.

Asians who own individual coverage are as likely to own term coverage (60 percent) as they are to own permanent coverage. They are the only race/ethnic segment to be equally likely to own either type of individual coverage. This differentiates them from Black insureds, who are much less likely to own term coverage.

Hispanic and White insureds are also much more likely to own permanent coverage than to report owning term, but the difference of 26 points among Black insureds is much higher than for Asians (1 point), Hispanics (17 points) or Whites (16 points).

FIGURE 14  
**Type of Individual Coverage Owned by Race/Ethnicity – Insureds**



## Reasons to Own Life Insurance

The Insurance Barometer data reveal both similarities and differences across Hispanic, Asian, Black, and White Americans when it comes to reasons to own life insurance. (Figure 15)

Hispanic Americans' top reason for owning life insurance, by far, is to cover burial and final expenses. Seven in 10 (69 percent) cite these expenses as a major reason for owning, far more than their next two "major" reasons for owning life insurance, to replace lost wages (41 percent), and to leave an inheritance (39 percent). While the least-cited major reason for owning life insurance, 17 percent of Hispanics cite making a charitable gift as a major reason to own life insurance, outpacing all other groups.

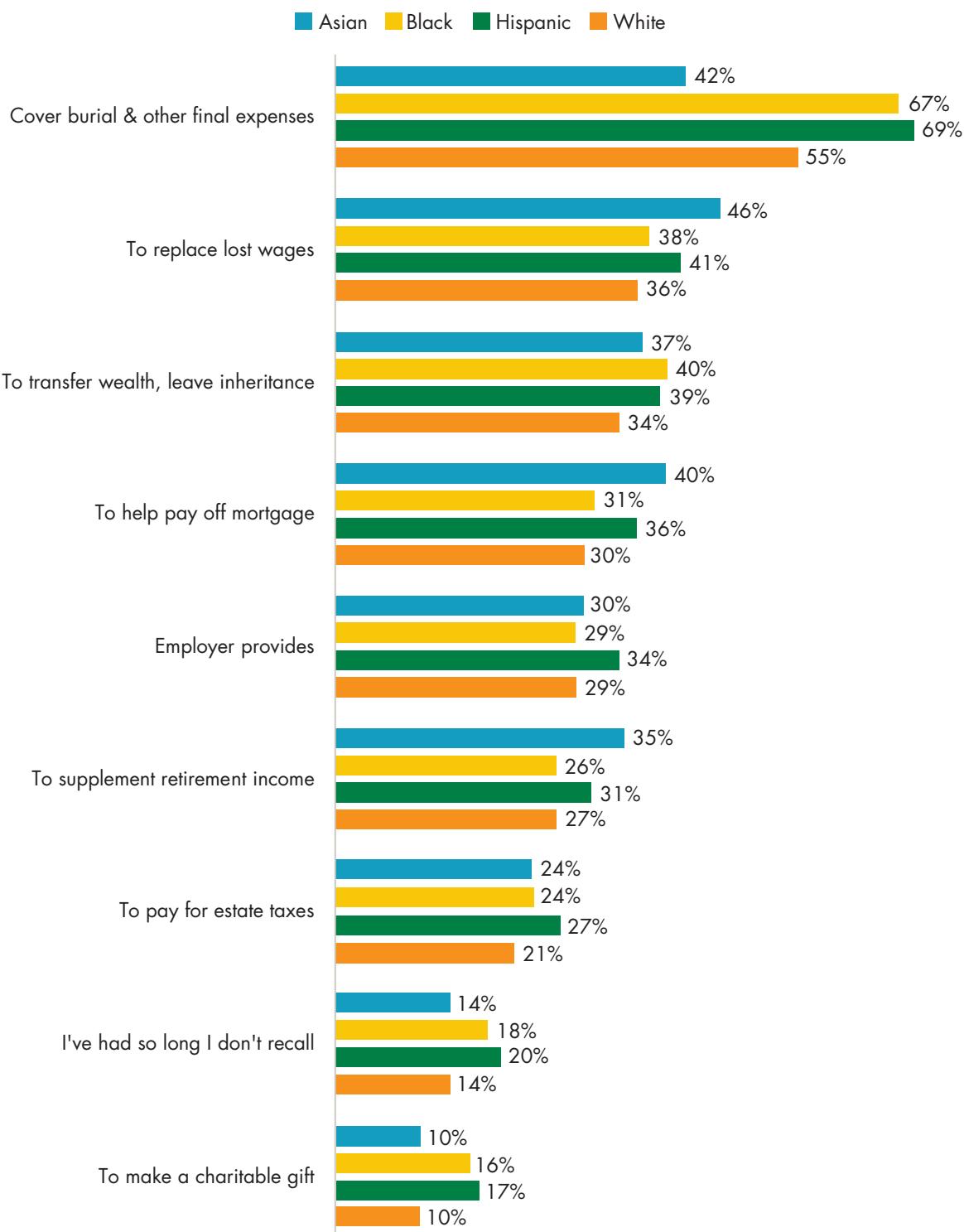
Two in 3 (67 percent) Black Americans cite burial and final expenses as a major reason to own life insurance, followed by transferring wealth (40 percent), and then replacing lost wages (38 percent).

Forty-six percent of Asians cite replacing lost wages as a major reason to own life insurance. Not only was this the most cited reason by Asians — they also outpaced all other groups by 5 – 10 points in citing this intended use of life insurance. Asians are far less likely than other groups to cite burial and final expenses as a major reason to own life insurance (42 percent). The third-most-cited reasons Asians report for owning life insurance is to help pay off a mortgage (40 percent), materially outpacing other groups in this regard. Asians are more likely to cite supplementing retirement income as a reason to own than all other groups.

Over half of White adults cite burial and final expenses as a major reason to own life insurance (55 percent). Rounding out the top three reasons Whites cite for owning life insurance are replacing lost wages (36 percent) and transferring wealth (34 percent).

Nearly one third of US adults say that a major reason they have life insurance is that it is an employer provided benefit. There is a 5-point range among groups, with Hispanics most likely to cite the employer (35 percent), Asians (30 percent), and Blacks and Whites (29 percent). Transferring wealth and leaving an inheritance as a major reason to own life insurance is another cited reason that adults across all groups report with some consistency, with Blacks leading the way at 40 percent and Whites the least likely to cite (34 percent).

FIGURE 15  
**“Major” Reasons to Own Life Insurance by Race and Ethnicity**

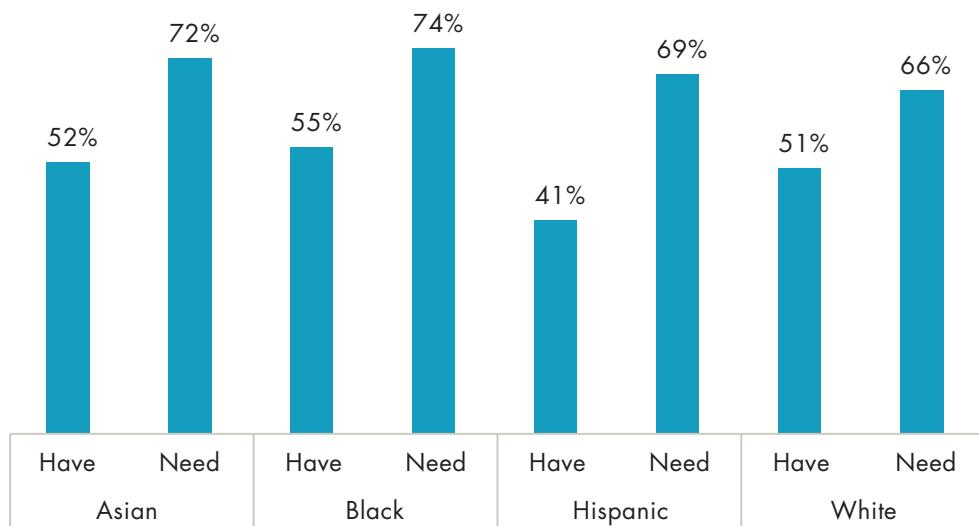


## Life Insurance Need

In each of these segments, there is a gap between need-and-have. The perceived need for coverage is highest among respondents identifying as Black; 3 in 4 indicate they need life insurance. That is slightly higher than among Asian respondents (72 percent) and significantly higher than among Hispanic (69 percent) or White (66 percent) respondents (Figure 16).

FIGURE 16

### Needs\* and Owns Life Insurance by Race and Ethnicity



\*Needs includes owners

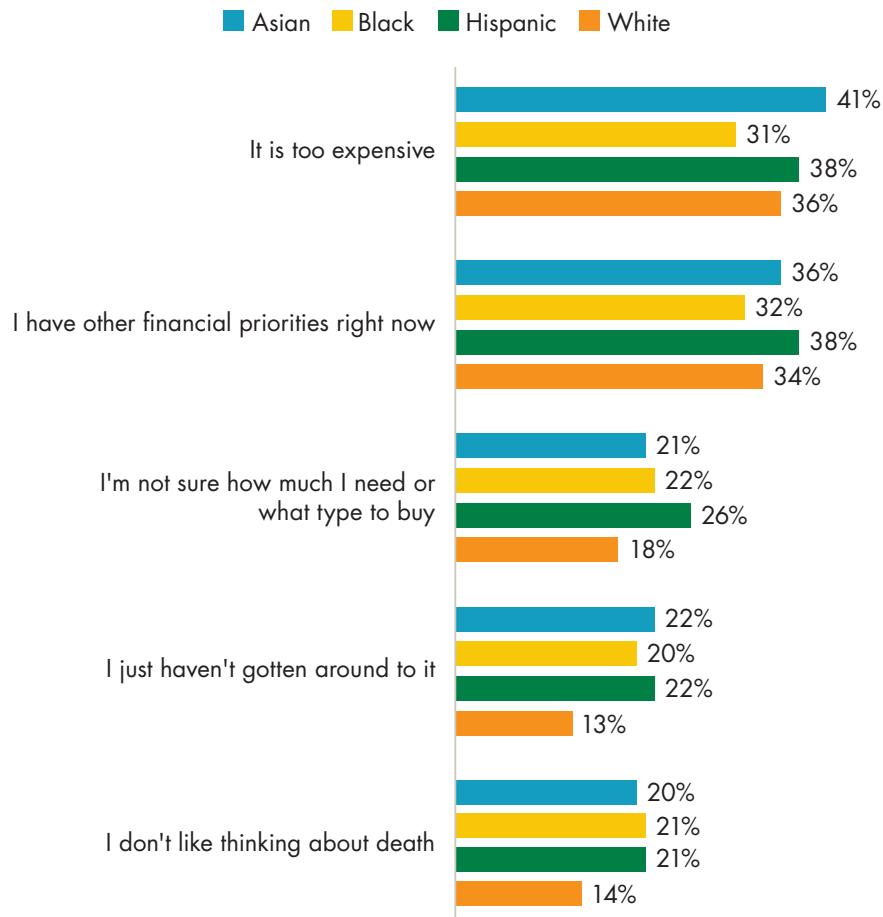
At 28 points, the gap between need-and-have is largest among Hispanic respondents. The gap is next largest among Asian respondents at 20 points, followed by Black respondents at 19 points. The gap is smallest among Whites, at 15 points. These data suggest that unmet need for life insurance is currently highest among Hispanic Americans. Yet, it also reinforces that there is unmet need among all demographic segments.

## Reasons for Not Owning (More) Life Insurance

- Asians, Blacks, and Hispanics are more likely to cite that they have put off purchasing life insurance than Whites. Four in 10 Asians cite expense as a reason not to buy, versus 38 percent of Hispanics, 31 percent of Blacks and 36 percent of Whites (Figure 17).
- Having other financial priorities is a reason not to buy coverage for a third of most segments, with Hispanics as a standout at 38 percent.

FIGURE 17

### “Major” Reasons Not Owning Any/More Life Insurance by Race and Ethnicity



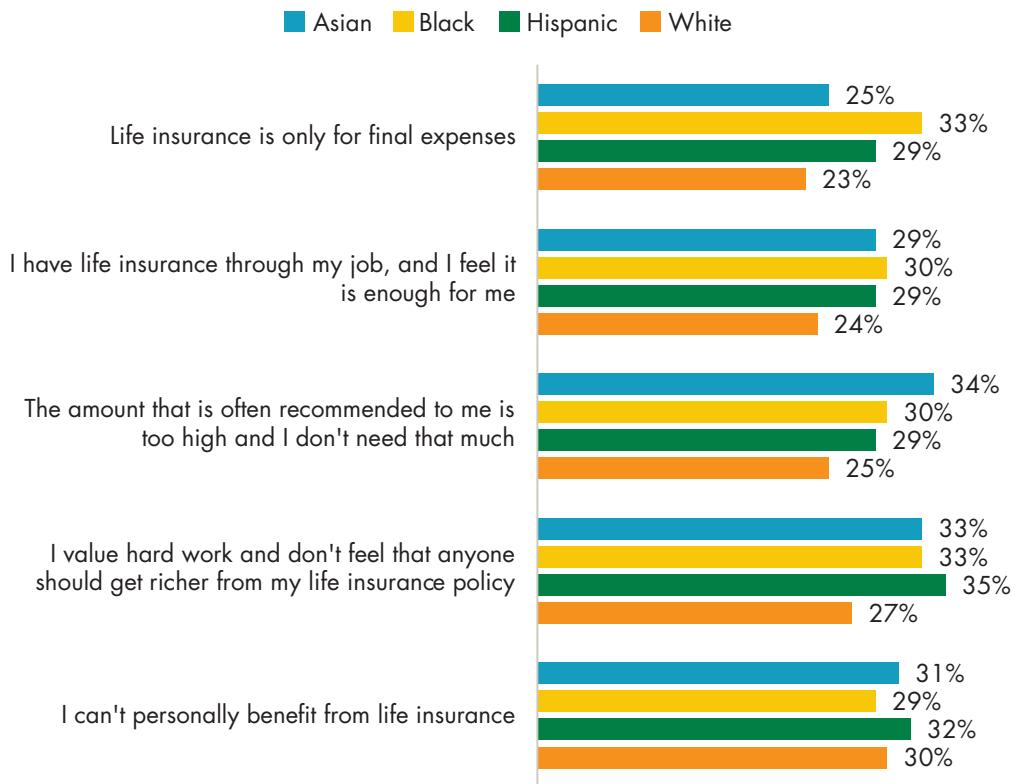
## Perceptions About Life Insurance

Presented with a list of perceptions and misconceptions some consumers have about life insurance, data suggest Asians (34 percent) are more likely to agree that "the amount of life insurance recommended is too high" versus other segments (34 percent versus 25 percent – 30 percent) (Figure 18).

Hispanics have a slightly higher likelihood to say they value hard work and do not want to enrich others through a life insurance payout (35 percent). A third of Blacks and Asians report the same, while just over 1 in 4 Whites feel this way (27 percent).

The ideas that the life insurance owner cannot benefit directly from a life insurance policy and that life insurance is only for final expenses present opportunities for the advisors and marketers to educate on the multiple uses of life insurance, including living benefits. Life stages, changes in tax law, and the risks of worksite only coverage also present an opportunity to help consumers from all segments to achieve their financial wellness goals.

FIGURE 18  
**Perceptions About Life Insurance by Race and Ethnicity**



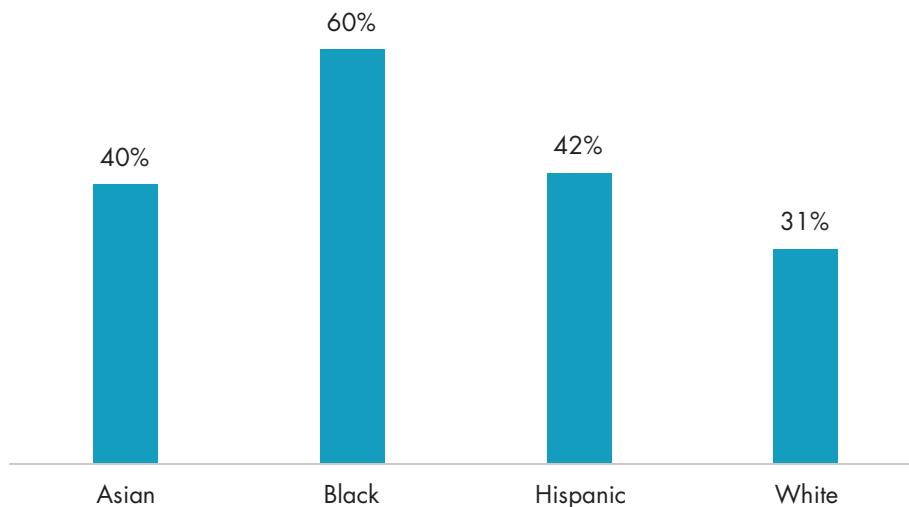
The cost of life insurance is difficult for many consumers to estimate, and expense is a commonly referenced rationale for not purchasing life insurance. In 2022, only a quarter (26 percent) of all respondents correctly estimated the cost of a 20-year \$250,000, level-term life insurance policy. One in 5 Asians estimated the cost correctly, versus the other races and ethnicities that were all around 25-percent correct.

## Likelihood to Buy Life Insurance

The lingering impact of COVID-19 and uncertainty about the future keeps many consumers in a pandemic mindset. Tension between needing and having life insurance will continue to compete for wallet share amidst increases in costs of living across the board.

Six in 10 Black Americans who do not own life insurance say they are likely to buy in the next year. More than 4 in 10 Hispanic Americans who do not own life insurance say they are likely to buy some in the next 12 months (42 percent). Four in 10 Asians and 3 in 10 Whites who do not own life insurance report they are likely to buy in the next year (Figure 19).

FIGURE 19  
**Likely to Buy Life Insurance by Race and Ethnicity – Non-Owners**

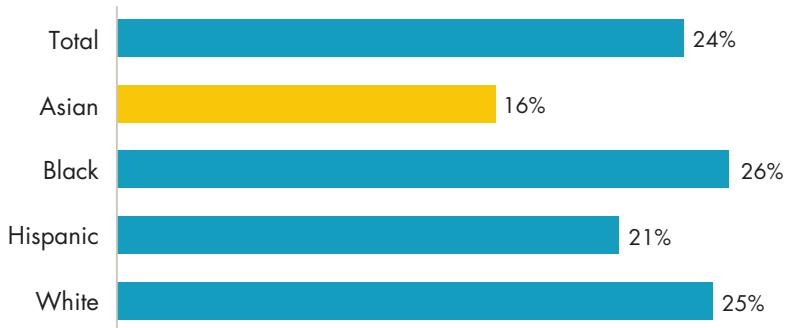


Whether current owners of life insurance or not, more women than men in every non-White race and ethnic segment, say they are likely to buy life insurance in the next year. Asian women far outpace their male counterparts in their likelihood to buy life insurance in the next year. Asian women are tracking with the two other groups of women most likely to buy life insurance — Blacks and Hispanics. One in 4 White women are likely to buy life insurance in the next year, lagging the national average for their gender by 4 points.

## Barriers to Obtaining Coverage

There are some racial and ethnic differences with regards to purchase barriers as well. While the same percentage of Blacks, Hispanics, Asians, and Whites are **uncomfortable** discussing end-of-life planning with their families, there are clear differences among the groups when we look at the other end of the spectrum (Figure 20).

FIGURE 20  
**Comfort With End-of-Life Discussion by Race/Ethnicity**



Overall, only a quarter of Americans are comfortable talking about end-of-life planning, but Hispanics and Asians report that they are even less at ease when it comes to such conversations.

Discomfort notwithstanding, most would agree that these important discussions should occur within families. Yet, just less than half have made the effort with their children and parents. Overall, respondents were far more likely to have had these discussions with their spouse than with either their children or parents (Table 4).

TABLE 4  
**End-of-Life Discussion Comfort by Race/Ethnicity**

Segment Definition	Total	Hispanic Americans	Black Americans	Asian Americans	White Americans
Children	48%	47%	54%	42%	48%
Parents	48%	48%	52%	47%	47%
Spouse/Partner	72%	72%	66%	71%	76%

Owning life insurance does not guarantee these conversations will be any easier, but it may help. Twenty-seven percent of life insurance owners said they were comfortable with end-of-life planning discussions, whereas only 22 percent of non-owners felt similarly.

Forty-four percent of non-owners reported they were uncomfortable with the same scenario, as compared to 37 percent of owners.

In addition to life insurance ownership, generational and cultural differences play a role in discussing life insurance products and risk protection. It is important for the industry to demonstrate cultural competence based upon varying client preferences and expectations.

# Insurance Ownership Trends

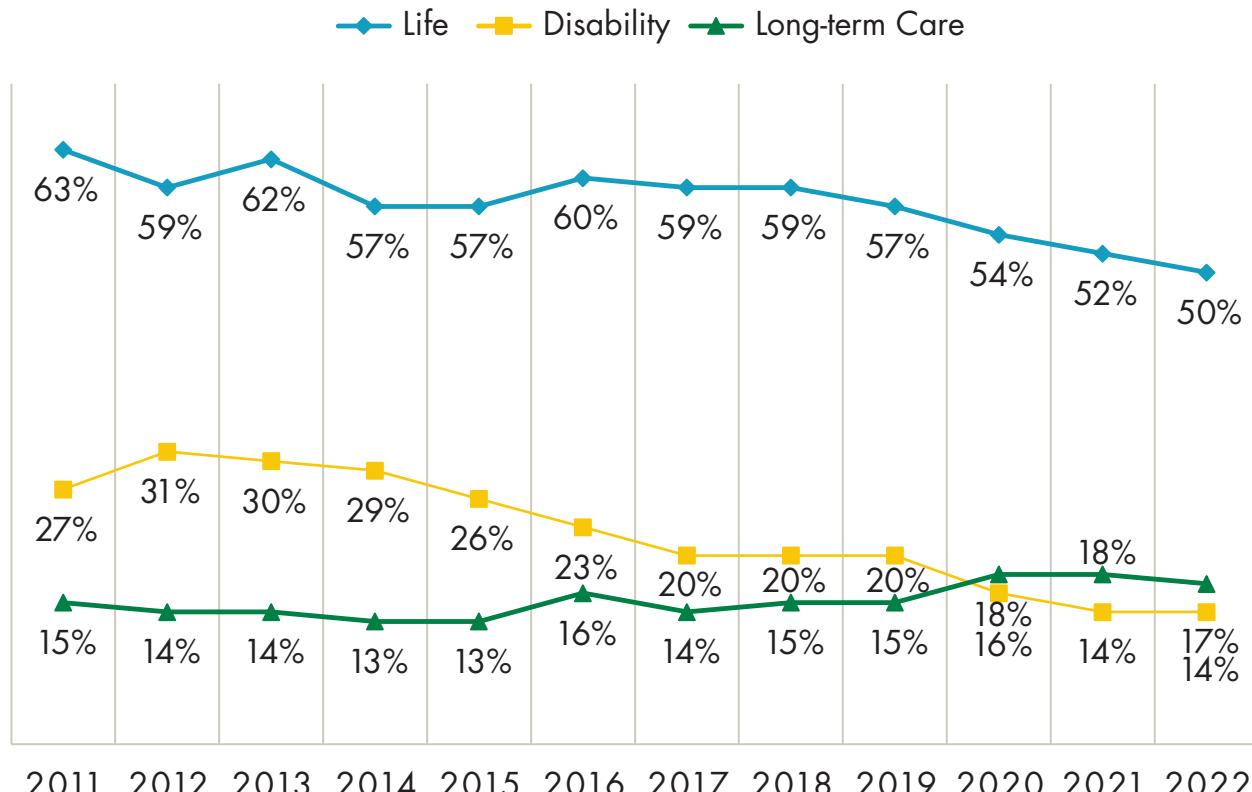
The Insurance Barometer tracks the types of insurance products consumers report they have, which helps the industry see trends over time. This is important information, but readers should understand that many consumers are not knowledgeable about insurance products.<sup>6</sup>

To their credit, consumers are aware of their lack of knowledge. Among this year's respondents, 42 percent say they are **somewhat** or not at all knowledgeable about life insurance. Nonetheless, the majority of respondents say they are knowledgeable, with 29 percent indicating they are very or extremely knowledgeable. While the sample contains a mix of subject matter expertise, all respondents are involved in their household's financial decision-making.

## Life Insurance

Figure 21 shows that consumers reported similar levels of life insurance ownership between 2011 and 2018. Market penetration fluctuated each year, but the trend line reflects generally stable market conditions. Starting in 2019, the trend line indicates a slow decline in the proportion of respondents who say they have life insurance coverage. While year-to-year fluctuations do not reflect significant changes, a consistent trend over a four-year period suggests fewer consumers now have life coverage.

FIGURE 21  
**Estimated Market Penetration by Product,\* 2011 to 2022**



\* Disability income coverage refers to the retail market; it does not include workplace coverage.

<sup>6</sup> Understanding Life – The Impact of Life Insurance Knowledge on Consumer Attitudes and Behaviors, LIMRA, 2019.

The data in Table 5 illustrate that the likelihood to own life insurance has decreased in most demographic segments since 2011, the first year of the Insurance Barometer study. Thus, the drop in market penetration is not due to a drop in ownership in a particular consumer segment. Instead, the data reflect lower levels of market penetration in most segments.

TABLE 5  
**Life Insurance Ownership by Age**

Market Segment	Ownership Rate	
	2011	2022
<b>Age</b>		
<b>18 – 24</b>	28%	34%
<b>25 – 44</b>	60%	46%
<b>45 – 64</b>	68%	53%
<b>65 and older</b>	67%	57%
<b>Household Income</b>		
<b>Under \$50,000</b>	47%	31%
<b>\$50,000 – \$99,999</b>	73%	52%
<b>\$100,000 or more</b>	75%	63%
<b>Marital Status</b>		
<b>Married/Partnered</b>	71%	59%
<b>Not Married/Partnered</b>	47%	38%

**Age** — Respondents under the age of 25 are the only group that has increased life insurance ownership rates since 2011 (Table 5). This bodes well for the future of the industry, as these consumers appear to possess higher levels of ownership than preceding age cohorts. However, they do not yet compose a large enough proportion of the population to drive market penetration higher.

All groups above age 25 show double-digit declines in ownership rates compared with 2011. In the 25 to 44 age, the incidence of coverage declined by 14 points; for those 45 to 64, it declined by 15 points. Among consumers aged 65 and older, reported ownership declined by 15 percent.

**Household Income** — All income levels are now less likely to say they have life insurance coverage. The level of incidence is lowest in the under \$50,000 category, where reported ownership is now 31 percent. This indicates a drop of 16 points since 2011.

Half (52 percent) of middle-income (\$50,000 to \$99,999) respondents say they have life insurance, which is in line with the national average. This indicates the incidence of life coverage is down 21 points from 2011. The most affluent households (\$100,000 or more) report the highest ownership rate (63 percent) and the smallest decline since 2011 (-12 points).

**Marital Status** — Married couples, those with partners or families are a traditional market for the life industry because all these consumers have a reason to obtain coverage. They do not want to leave financial dependents in a difficult situation should an unexpected death occur.

Yet, those with partners are much less likely to report they have life insurance now (59 percent) than in 2011 (71 percent). The drop of 12 points over 12 years suggests a very gradual decline. Nonetheless, these data suggest protection gaps have grown among couples.

## Market Penetration Factors

One important environmental factor behind the decline in overall life insurance market penetration is the “aging” of the U.S. population. From 2010 to 2020, the aged 65-and-older population in America grew much faster than the working age population.<sup>7</sup> This trend is important because age significantly influences the likelihood to have employer-sponsored life insurance.

In 2011, among respondents aged 65 and older, 35 percent reported having life coverage through an employer or union (either their own or their spouses'). In 2022, that proportion declined to 27 percent, which reflects a significant change over the past 12 years. Together, the reduced likelihood to have coverage after retirement age and the extremely fast growth among older consumers help explain why overall life insurance market penetration is declining.

This scenario will become more important over time, as those aged 65 and older are the only age group that is growing as a proportion of the overall population. They will represent 1 in 5 (19 percent) adults by the year 2025.

This scenario presents a growing business opportunity for the individual life sector, which can emphasize final expense, generational inheritances, and charitable endowments as reasons for older consumers to purchase life insurance. As more consumers cross this key age threshold, these marketing and communication themes will become increasingly important.

## Industry Benchmarking Data

Since the arrival of the pandemic, consumer demand for life insurance has grown; 31 percent of respondents say the pandemic has made them more likely to buy coverage.

LIMRA retail sales data indicate the increase in purchase intent is consistent with recent market behavior, as consumers are buying life insurance at a record pace:

- Total life insurance new annualized premium grew 20 percent in 2021
- Policy sales were also up by 5 percent for the year in 2021
- Both results represent the highest annual growth since 1983<sup>8</sup>

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<sup>7</sup> “65 and Older Population Growing Rapidly as Baby Boomers Age,” U.S. Census Bureau, <https://www.census.gov/newsroom/press-releases/2020/65-older-population-grows.html>, press release, June 2020.

<sup>8</sup> LIMRA’s 2021 Fourth Quarter U.S. Retail Life Insurance Sales Survey.

Life insurance sales are also increasing in the workplace sector. In 2021, premium sales were up 7 percent for the first three quarters of the year, while policies (covered employees) rose 14 percent.<sup>9</sup> Third quarter results were particularly strong, with premium growth of 29 percent and policy growth of 37 percent. These data indicate strong momentum in the workplace life sector going into 2022.

It is important for industry professionals to realize that overall business opportunities for life insurance industry continue to grow. Please refer to report sections on Life Insurance in Focus, The Life Insurance Need-Gap, and Underserved Markets for more information on business opportunities in specific market segments.

## Disability Insurance Trends

Currently, 14 percent of respondents say they have individual disability income (DI) insurance. These results show no significant change over the past 12 months, which indicates current market conditions in the DI sector are stable from the consumer perspective.

The trend line in Figure 21 shows reported DI ownership peaked at 31 percent in 2012. In 2013, ownership rates began to decline, reaching 20 percent in 2017. The trend line reflects stable market conditions through 2019. In 2020, reported DI coverage declined to 16 percent, coinciding with the arrival of the COVID pandemic.

The changes reported by consumers between 2019 and 2020 are aligned with the direction of industry sales data during the same period. In 2020, new issues declined by 17 percent, while new premium declined by 10 percent. In 2021, new policies were down 2 percent.<sup>10</sup>

The outlook for the DI sector is positive from the perspective of consumer need and purchase intent. In 2022, over half (53 percent) of the respondents say they need DI coverage. This suggests a rise in interest as perceived need was below 48 percent from 2019 to 2021.

In addition, 22 percent of respondents say they intend to buy DI coverage in the next year. Many consumers will not purchase in the retail market, while others (i.e., full-time employees) may satisfy their need for disability coverage via employer-sponsored benefits. Nonetheless, currently interest in obtaining DI coverage is highest among:

- Men
- Millennials
- Blacks and Hispanics
- Households earning \$150,000 or more

<sup>9</sup> U.S. Workplace Benefits Life Insurance Sales, LIMRA, 2021 Third Quarter.

<sup>10</sup> LIMRA's Quarterly U.S. Individual Disability Income Sales Survey, 2013 to 2012.

## Long-term Care Insurance

Currently, 17 percent of respondents say they have individual long-term care (LTC) coverage. The reported rate of LTC coverage was relatively stable market from 2011 to 2019. In 2020, the reported rate of LTC ownership rose to 18 percent, a rise of 20 percent in one-year. Since 2020, respondent data indicate stable market conditions.

The market conditions reflected in the consumer data do not align with industry sales data over the same period. Industry data indicate LTC premiums and numbers of insureds declined each year from 2013 to 2018. In 2020, industry data show that retail DI sales declined by 9 percent,<sup>11</sup> but the consumer reported data do not reflect that trend.

The disparity between consumer and industry data suggests many consumers do not understand the LTC products sold through the retail market. The respondents themselves support this, as 58 percent say they are somewhat or not at all knowledgeable about LTC insurance.

While consumers may be unsure about LTC insurance, they express a clear need for it. In 2022, 60 percent of respondents say they need LTC insurance. The perceived need for LTC jumped from 55 percent in 2019, which suggests the COVID pandemic raised the perceived need for LTC coverage. Currently, interest in LTC coverage is significantly higher among respondents who identify as:

- Millennials, ages 25 to 41
- Blacks
- Households incomes of \$150,000 or more
- Men



<sup>11</sup> LIMRA's U.S. Individual Long-Term Care Insurance Sales and In Force Survey 2012 to 2020.

## Annuities

The Insurance Barometer included data on annuity products starting in 2019. The shorter history of annuity data means the trend lines are not as reliable. However, the four years of data on annuities help the industry understand what consumers believe they have and what they feel they need.

Currently, 22 percent of respondents say they own an annuity (Table 6). The level of reported ownership did not change significantly in 2022, after growth of 6 points in 2020, and 3 points in 2021.

TABLE 6  
**Annuity Ownership Trends, 2019 to 2022**

Year	Reported Annuity Ownership
2019	12%
2020	18%
2021	21%
2022	22%

The consumer reported data do not align perfectly with industry sales data. In 2020, industry data suggest annuity sales declined by 9 percent. However, in 2021, the forecast for annuity sales predicted an increase of up to 7 percent. This forecast is directionally consistent with the rise in ownership rates reported by consumers in 2022.

It is important to realize that consumer knowledge of annuities is very low; 62 percent of respondents say they are somewhat or not at all knowledgeable about these products. Only 1 in 5 (19 percent) say they are very or extremely knowledge about annuities. This reflects lower knowledge levels than for life, disability, or long-term care products.

Despite their low level of understanding, consumers want annuities. Almost half (47 percent) of this year's respondents say they need an annuity. While not all those who say they need an annuity will obtain one, 21 percent of non-owners say they are likely to buy an annuity in the next year. Interest in annuities has not changed significantly since 2020, which suggests the pandemic has not lowered interest in these products. Currently, interest is significantly higher among:

- Millennials, ages 25 to 41
- Blacks
- Households with incomes of \$100,000 or more
- Men

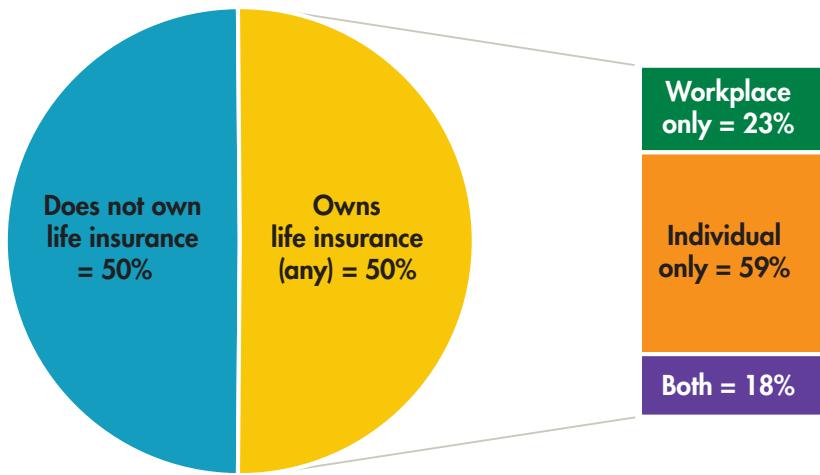
# Focus on Life Insurance

The following section examines the types of life insurance consumers rely on for their financial security. The analysis examines how consumers obtain life insurance and the proportion of insureds with different types of coverage.

## Life Insurance Ownership by Source

In 2022, exactly half (50 percent) of Insurance Barometer respondents say they have some type of life insurance coverage. Among insureds, 59 percent indicate they have only individual coverage (i.e., purchased in the retail market), 23 percent say they have workplace coverage (i.e., obtained as a benefit of employment), and 18 percent indicate they have both sources of coverage (Figure 22).

FIGURE 22  
**Life Insurance Ownership by Type – 2022**



## Life Insurance Ownership by Market Segment

The likelihood to have life insurance coverage varies across market segment. Figure 23 illustrates the likelihood of having coverage among gender, generation, race/ethnicity, and annual household income. The data show that life insurance coverage is significantly more common in these market segments:

- Men
- Baby Boomers
- Incomes of \$100,000 or more

**Gender Gap** — Women are much less likely than men to say they have life insurance coverage. The 7-point gender gap identifies marketing opportunities for the industry among women. The Help Protect Our Families (HPOF) program has recently published materials on business opportunities in this important segment (see [https://www.limra.com/siteassets/research/research-abstracts/2022/u.s.-life-insurance-markets-womens-brief/2022\\_life-ins-brief-us-women.pdf](https://www.limra.com/siteassets/research/research-abstracts/2022/u.s.-life-insurance-markets-womens-brief/2022_life-ins-brief-us-women.pdf)).

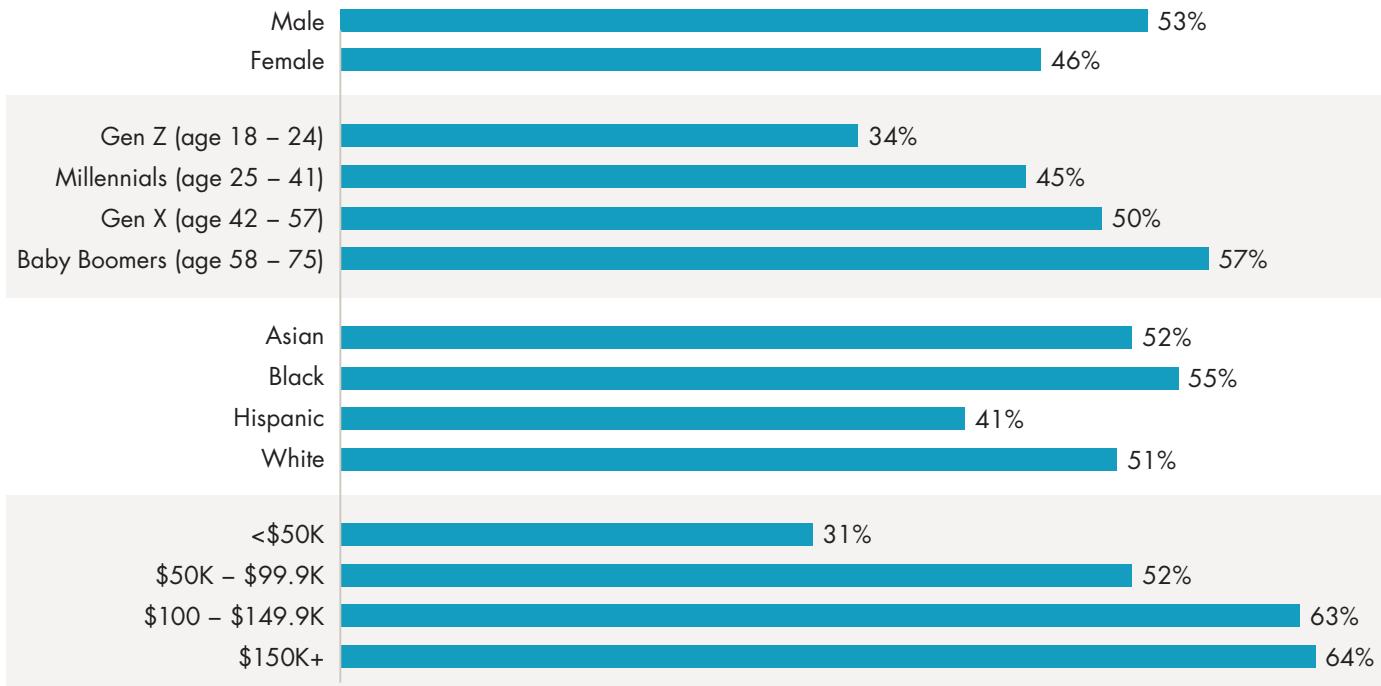
**Generational Impact** — The likelihood to have life insurance is higher among older generations. Significant changes in reported ownership occur between each age cohort. The ownership rate among Baby Boomers currently leads the industry's market penetration rate. Yet, as noted above, when the remaining Boomers reach age 65 and older, their likelihood to have coverage will probably decline.

As the younger generations age, it is likely that their ownership levels will continue to increase. However, the industry cannot presume subsequent generations will repeat the behavior of the preceding groups. Behaviors change between generational cohorts and the industry needs to focus on engagement with the Millennials and Gen Z cohorts. This implies much more focus on digital media (e.g., social media), virtual forums (e.g., Zoom, WebEx), and streamlined business processes (e.g., automated underwriting).

**Race/Ethnicity** — The likelihood to have life insurance is relatively even among respondents who identify as Asian (52 percent), Black (55 percent), or White (51 percent). Those identifying as Hispanic report a much lower level of ownership (41 percent) in 2022. This is a significant change from 2021, when 51 percent of Hispanic respondents said they had life insurance.

The 10-point drop in life insurance coverage among Hispanics suggests the COVID pandemic is particularly disruptive among this group. Among Hispanics respondents, 17 percent say a major reason they do not have coverage is that their workplaces do not offer it. This is significantly higher than for all other race/ethnic segments. They are also significantly more likely to say that coverage is too expensive and that they have other financial priorities.

FIGURE 23  
**Has Life insurance Coverage by Demographic Segment – 2022**



**Household Income** — Income has a significant influence on the likelihood to have life insurance. Over half of the households earning \$50,000 or more per year have coverage, compared with less than one third (31 percent) of those earning below \$50,000. Among households earning \$100,000 or more, two thirds indicate they have life insurance.

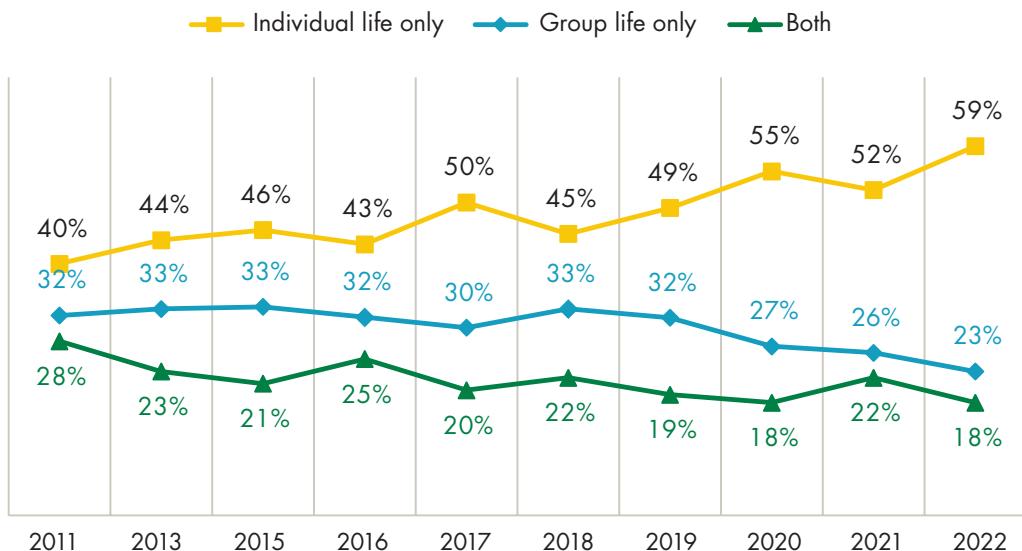
The life insurance industry has market opportunity in all income categories. Since 38 percent of all U.S. households earn under \$50,000 a year,<sup>12</sup> the non-owners in this segment represent 1 in 5 (21 percent) of all households. This suggests a very significant business opportunity for the industry. Clearly, reaching households in this segment presents challenges due to distribution expenses, but the need for coverage is high and consumer interest is strong.

## Overlapping Coverage Sources

In general, consumers who have individual life insurance and workplace coverage have the best financial security. They tend to have higher levels of coverage,<sup>13</sup> and they are less vulnerable to losing coverage due to a change in employment status.

After a reported rise in overlapping coverage in 2021, the likelihood of insureds having both individual and workplace coverage declined to 18 percent in 2022 percent (Figure 24). While this metric fluctuates from year to year, the overall trend suggests that 1 in 5 insureds have both coverage from both sources.

FIGURE 24  
**Overlapping Coverage Among Insured – 2011 to 2022**



The proportion of insureds with both individual and workplace life insurance has not changed significantly since 2016, when 1 in 4 insureds had overlapping coverage. Given the rise in workplace and retail life sales, the industry may soon see this metric trending up.

<sup>12</sup> Income and Poverty in the United States: 2020, U.S. Census Bureau, 2020.

<sup>13</sup> Life Insurance Ownership in Focus, LIMRA, 2016.

The likelihood that insureds have only individual life coverage has grown to 59 percent in 2022, a sharp rise from last year. The overall trend shows that insureds increasingly rely on individual coverage, a trend that has generally risen each year since 2016. This pattern fits with larger demographic factors noted previously, regarding the aging of the population.

When insureds retire, they become much less likely to have workplace coverage, unless provided through a spouse or partner. In 2022, 73 percent of insureds aged 65 and older have only individual coverage. The impact of age on a consumer's source of coverage explains the rise in individual-only coverage and the corresponding decline in workplace only coverage. Since a smaller proportion of today's insureds are employed than in 2011, a smaller proportion now have workplace-only coverage.

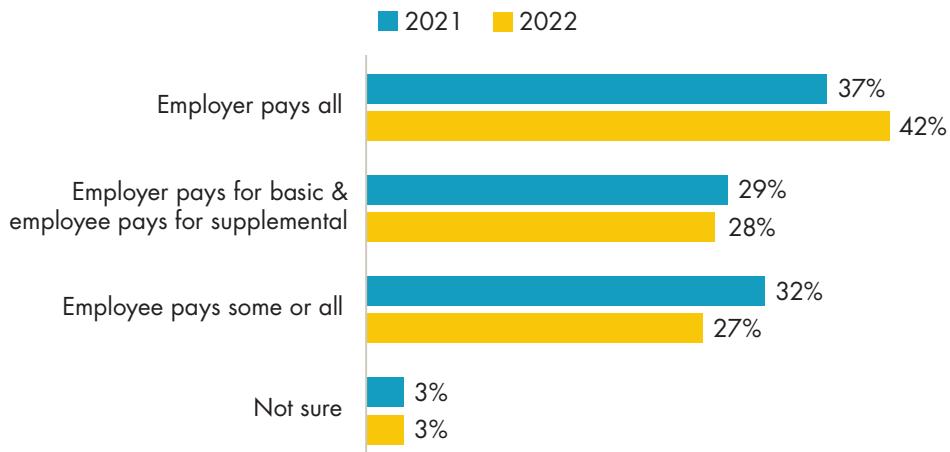
Nonetheless, the data identify a business opportunity among the working-age population, as nearly 1 in 4 (23 percent) insureds have only workplace life coverage. These insureds remain vulnerable to losing coverage due to employment dynamics and have an income stream to protect. These are both good reasons for those with workplace coverage to obtain complementary individual coverage, although many employer-sponsored plans have portability options.

Life insurance provided as a benefit of employment is an important part of employer benefits programs. The COVID pandemic has only served to increase its importance, as 1 in 4 employers indicates life insurance is now a more important employee benefit.<sup>14</sup> Among employees, 68 percent believe a life insurance benefit is important.<sup>15</sup>

Among those respondents who have workplace sponsored life coverage, 42 percent say their (or spouses/partners) employers pay the entire cost of the coverage. This result represents a 5-point increase from the prior year (Figure 25). There is a corresponding drop in the proportion who say they pay some of all of the cost.

Three in 10 (29 percent) of those with workplace coverage say their employers pay for their basic life coverage, and the respondents pay for supplemental coverage. This proportion did not change significantly from the prior year.

FIGURE 25  
**Workplace Sponsored Coverage Cost Sharing**



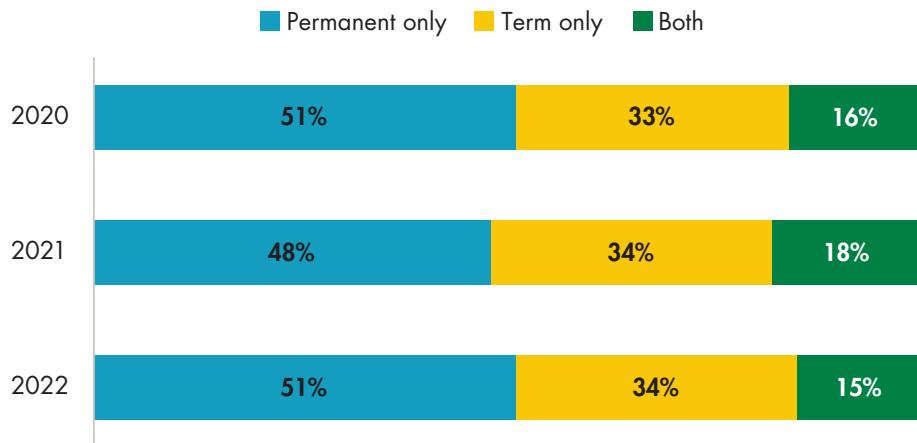
<sup>14</sup> LIMRA's *Will Employers Make Changes to Workplace Benefits Due to COVID-19?*, *Will Employers Make Changes to Workplace Benefits Due to COVID-19?*, limra.com.

<sup>15</sup> *Facts About Life 2021*, Workplace Benefits, LIMRA, 2021.

## Type of Individual Life Coverage Owned

The majority of individual life owners have either permanent or term coverage; few have both coverage types. Currently, just 15 percent of those who own individual coverage say they have both permanent and term coverage. This ratio has not changed significantly in the past three years (Figure 26).

FIGURE 26  
**Individual Life Ownership by Type – 2020 to 2022**



In 2022, half (51 percent) of the respondents who have individual coverage say they own permanent coverage only. One third (34 percent) of these insureds have term coverage only. These ratios are relatively stable in the past three study periods.

## Individual Life Owner Characteristics

The larger survey sample in this year's study enables a closer examination of individual life owners by coverage type and demographic characteristics. This view identifies product preferences within different market segments.

**Gender** — Men and women are about equally likely to own permanent coverage. However, men are significantly more likely to own term coverage. Thus, men are also more likely to own both coverage types as well.

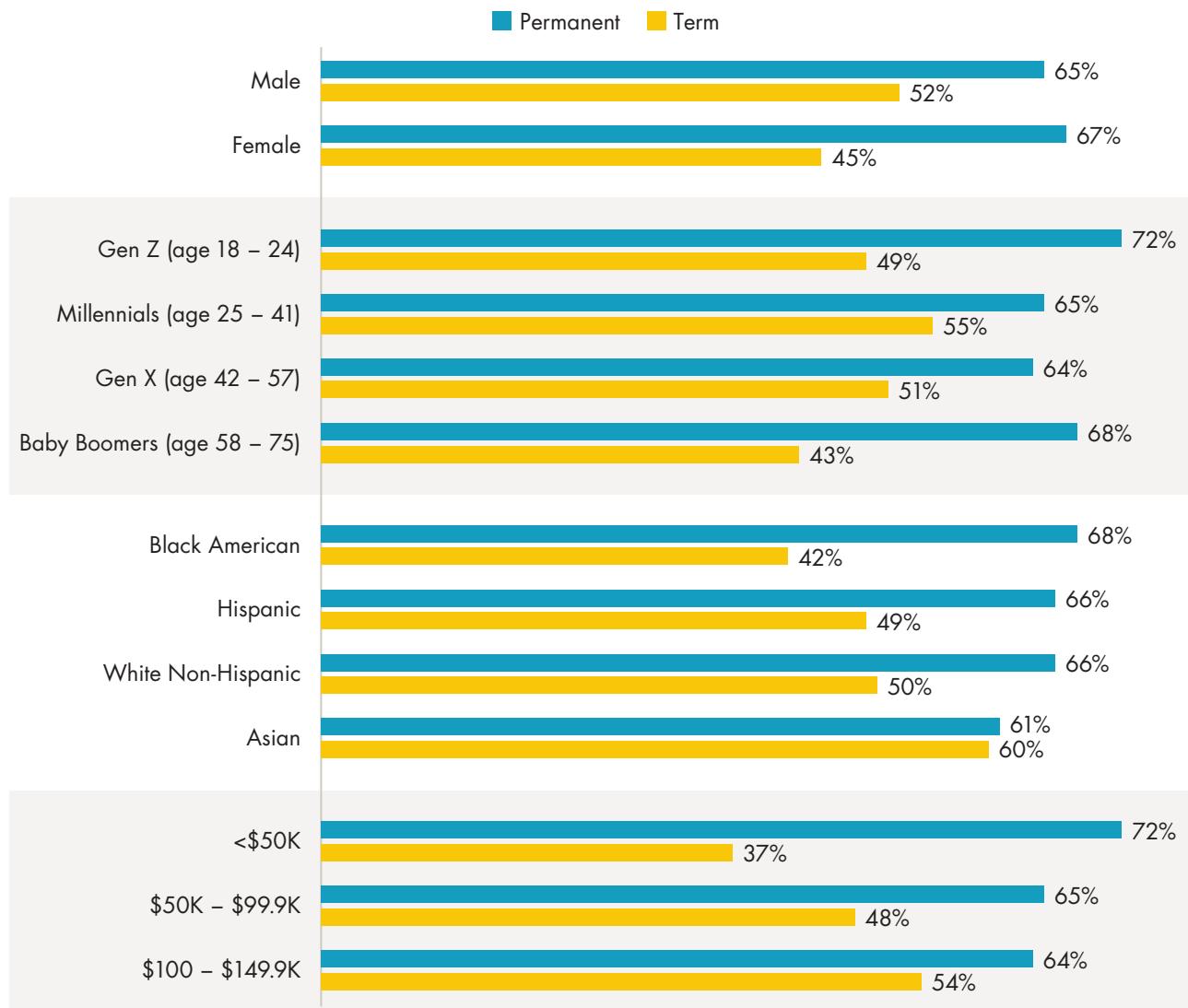
**Generation** — The Millennial and Gen X generations are significantly more likely to own term life compared with the younger and older groups. This finding is consistent with those cohorts being in their family formation years and using term coverage for income replacement needs for their spouses and/or children. Gen Z is the most likely group to say they own permanent coverage, at 72 percent. The remaining generations are about equally likely to say they own a permanent policy.

**Race/Ethnicity** — For respondents who identify as Black, Hispanic, or White, there are few significant differences in the types of individual coverage owned; there are differences in ownership rates among these segments, but they are not statistically significant. However, those identifying as Asian demonstrate different product preferences. Asian respondents are the only group who are as likely to own term coverage as they are to own permanent coverage. They are the least likely group to have permanent coverage and are significantly more likely to have term coverage than other race/ethnic segments.

**Income** — Income has a pronounced effect on type of individual coverage owned. Households earning below \$50,000 per year are significantly more likely to say they own permanent coverage. This reflects the popularity of final expense policies in this market segment. Households earning \$50,000 or more are significantly more likely to own term coverage and to own both coverage types. This result fits with the need for these households to use term policies to protect their income streams (Figure 27).

FIGURE 27

### Type of Individual Coverage Owned by Demographic Characteristics



# Focus on Disability Income Insurance

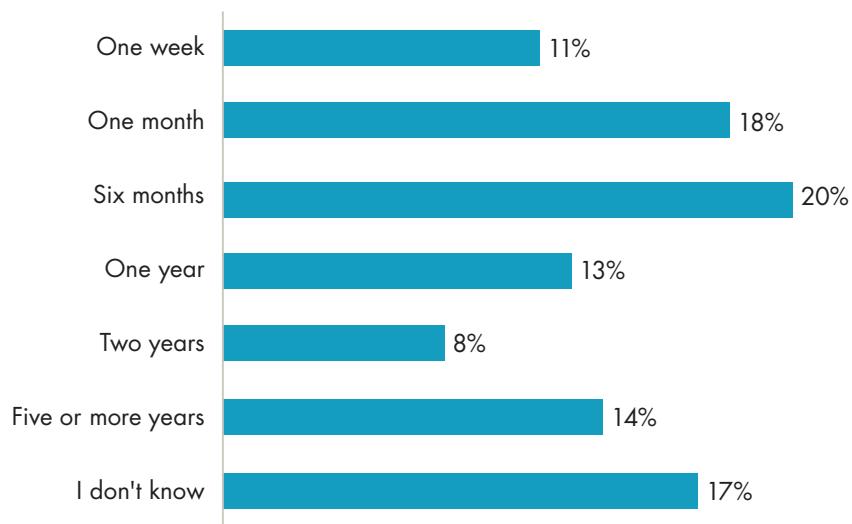
Disability income insurance has taken on more importance with the arrival and persistence of the pandemic.<sup>16</sup> More Americans now have personal experience with the financial hardships that occur when a household's primary wage earner gets sick or injured.

## Time to Financial Hardship

The data in Figure 28 illustrate how quickly most consumers would face financial hardship if the households' primary wage earners were to become sick or injured. Half (49 percent) of respondents indicate their households would face financial hardship in six months or less. Another 17 percent simply do not know how long it would take a disability to hurt their household finances.

FIGURE 28

### Time to Financial Hardship if Primary Wage Earner Becomes Sick or Injured



One third (35 percent) of respondents indicate it would take a year or more before their households would feel the financial impact of a disability to the primary wage earner. These tend to be higher income households and older age groups (i.e., Baby Boomers).

Time to financial hardship is shortest among respondents identifying as:

- Millennials
- Hispanics
- Incomes below \$50,000

<sup>16</sup> Is COVID-19 Covered by Disability Insurance?, Insurance Information Institute, September 2020.

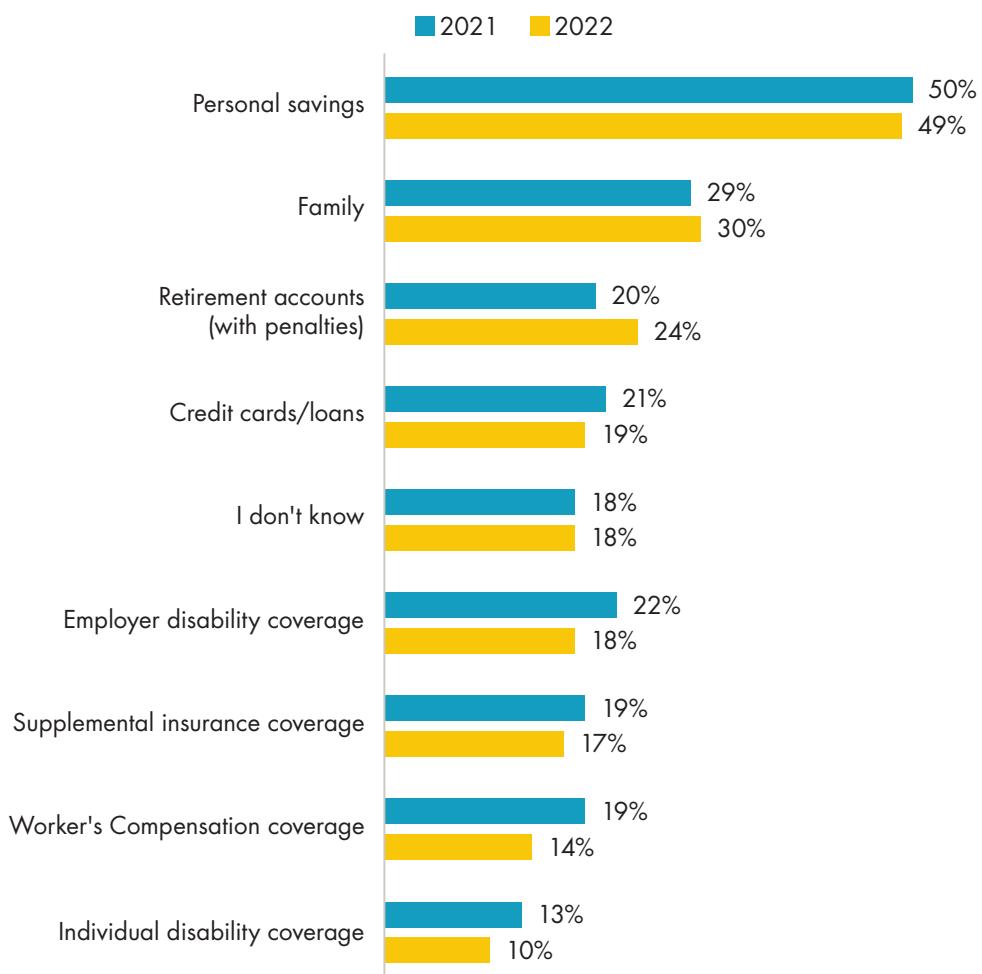
Income has a pronounced impact on the time to financial hardship. Although the percentage that would face hardship in six months or less is highest among those earning below \$50,000 per year (61 percent), over half (52 percent) of households earning \$50,000 to \$99,999 indicate they would also face hardship in less than six months.

The survey respondents clearly indicate a need for disability income insurance. The presence of the pandemic has only served to increase the awareness of this financial vulnerability. The industry has market opportunity among half of the middle-income households, based on how quickly a disability would harm them financially.

## Sources of Financial Help

Americans have access to several different types of insurance coverage that can provide financial relief in the event a primary wage earner is disabled. However, when asked where they would turn for financial help in such an instance, less than one quarter of the respondents cite any of those coverages (Figure 29). This suggests the majority of consumers are aware that they have no insurance against a disability and would need to seek financial assistance from other sources.

FIGURE 29  
**Sources of Financial Help if Primary Wage Earner Disabled**



Should a disability befall the household's primary wage earner, half of these respondents say they would turn to their personal savings for financial relief. This is relatively unchanged from 2021 and suggests many respondents have emergency savings they can draw on if they need to replace an income stream.

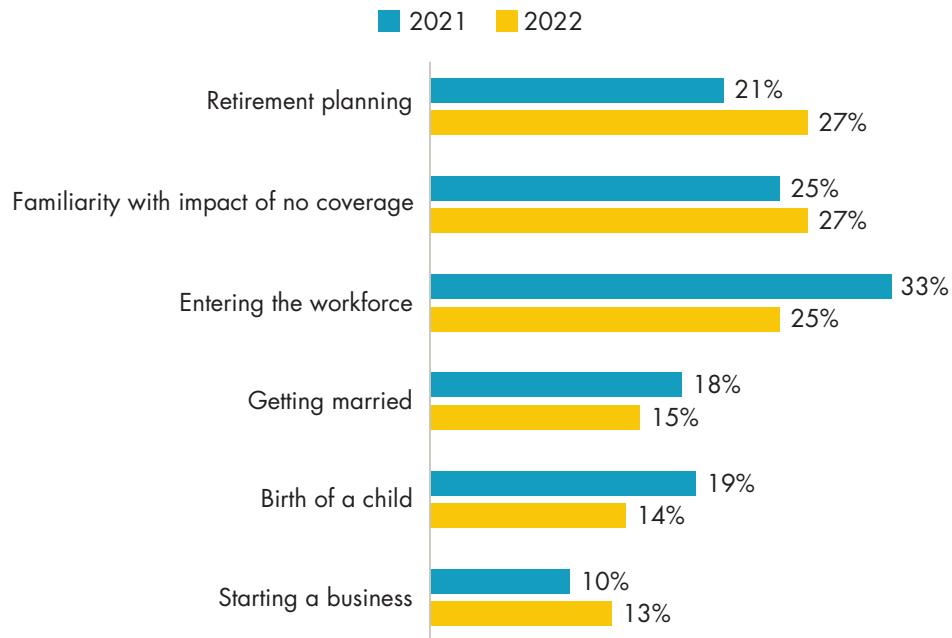
The second most common source of financial help are the respondents' families. While this is a traditional source of relief from financial hardship for many, it is not always reliable; as family members may also have their own unexpected financial challenges.

Drawing money from retirement accounts and incurring early withdrawal penalties is how 24 percent of respondents would replace income lost to a disability. This scenario would not make financial sense in most instances, as the cost of disability coverage would be less than the loss of retirement funds plus tax penalties. The industry can use this scenario to demonstrate how disability income coverage is a relatively inexpensive way to insure their retirement goals.

## Disability Income Purchase Prompts

Consumers may be more aware of the need for disability coverage now that the COVID pandemic has affected so many American households. This impact may be visible when examining what prompts consumers to purchase individual disability coverage, as the proportion who say they are personally familiar with the impact of not having coverage is trending higher (Figure 30).

FIGURE 30  
**Events that Prompt Consumers to Purchase Disability Insurance**





However, the largest growth in prompts cited by respondents is not having a close experience with a disability, but from retirement planning. Currently, retirement planning is the top prompt for purchasing disability coverage, as 27 percent of insureds cite this event in the 2022 study. This represents a jump of 6 points (29 percent) from the prior year.

This finding aligns with the sources of financial help that consumers are most likely to use. Retirement planning should involve a discussion on the risks that a disability poses to a household's income stream. Illustrating the harsh financial impact of taking an early withdrawal from retirement savings will make the option of purchasing individual disability income coverage look more attractive.

Traditional reasons for purchasing disability insurance remain important. Entering the workforce, getting married, and having a child are prompts mentioned by many insureds. These life events will always be good marketing opportunities in the disability sector.

Starting a business is another life event that is prompting more consumers to purchase disability insurance. This event was the prompt for just 13 percent of insureds, but it grew 30 percent over the prior year. This aligns with the economic recovery from the pandemic, which caused many small businesses to close. As more entrepreneurs return to the market, the industry may find these businesses are more understanding of the role that disability coverage plays in the financial security of their households.

# Sources of Financial Advice and Information

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The Insurance Barometer has examined the role of social media in the financial industry for the past five years. This is critical information for the industry as 82 percent of Americans have a social media profile. Average daily use of social media platforms increases each year, reaching 145 minutes in 2020 (i.e., about 2.5 hours per day).<sup>17</sup>

Our 2018 report showed that social media had become a growing platform for financial information, as well as for communication with financial professionals,<sup>18</sup> particularly within the millennial generation. In 2019, 25 percent of all respondents indicated they used social media sites for financial information and/or communication. In 2022, this has grown to 53 percent of respondents, indicating use of social media sites for financial purposes more than doubled in the past three years.

These trends indicate strong growth among consumers who use social media and online forums as a means of interacting with the financial services industry. Each year, it will become more important for the industry to understand which social media destinations consumers use and how to best utilize them.

## Consumer Use of Social Media for Financial Topics

A greater portion of Americans is using social media to get information about financial products and services (Figure 31). These data provide important information for financial professionals and companies that want to engage with consumers in the social media space, as they indicate the percentage of users among the relevant audience.

Facebook was the most commonly mentioned site in 2019 and remains on top in 2022. Its share of those who use social media for financial purposes increased from 53 percent to 64 percent in the last three years. YouTube experienced very strong growth among this audience, from 32 percent in 2019 to 58 percent in 2022. This trend is likely to continue, as members of Gen Z appear to prefer the video platform (Figure 32).

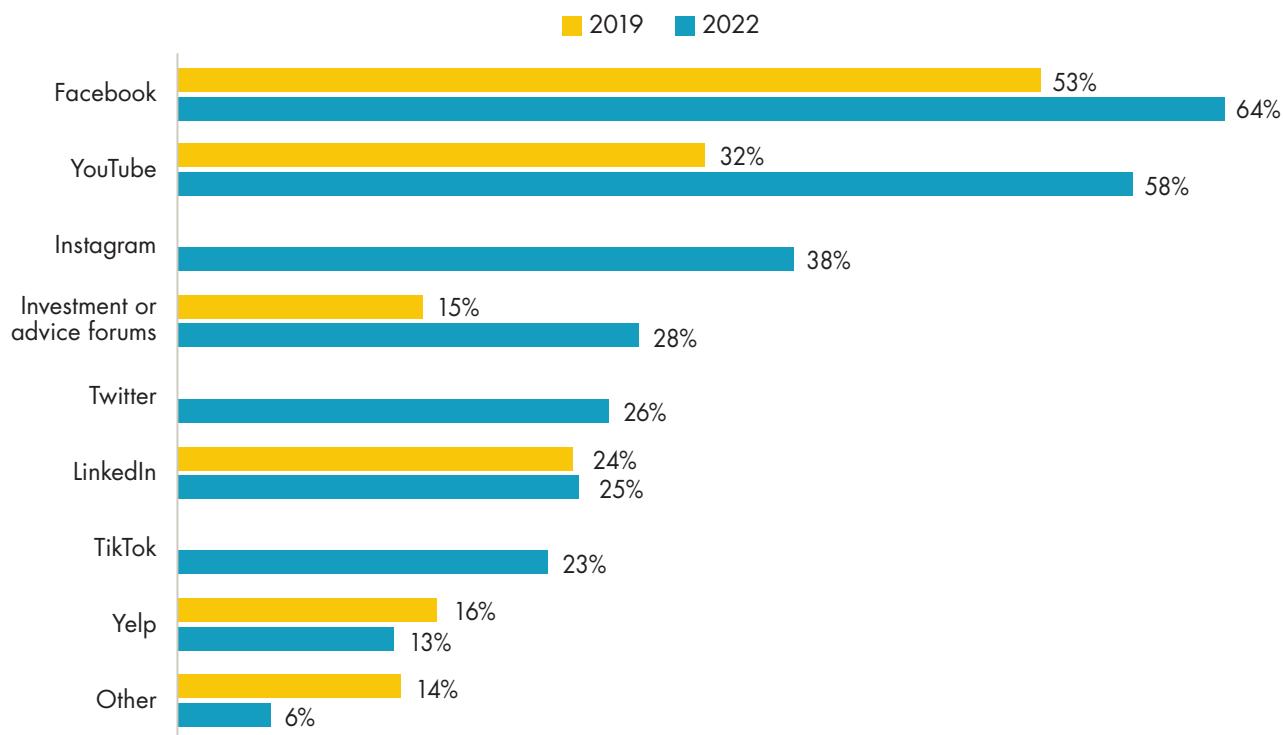
Instagram was not part of the survey in 2019, and now holds an audience share of 38 percent. Twitter is another example of a site that was not included in 2019, but now has a significant share (26 percent) of this audience. Almost a quarter of these users cite TikTok, with its short-form video capabilities. Together, these sites reflect the dynamic pace at which the social media space changes and why monitoring these trends is so important to the industry.

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<sup>17</sup> U.S. Market Share of Leading Social Media Websites, Statistica, March 2022.

<sup>18</sup> The 2018 Insurance Barometer Report, LIMRA and Life Happens, April 2018.

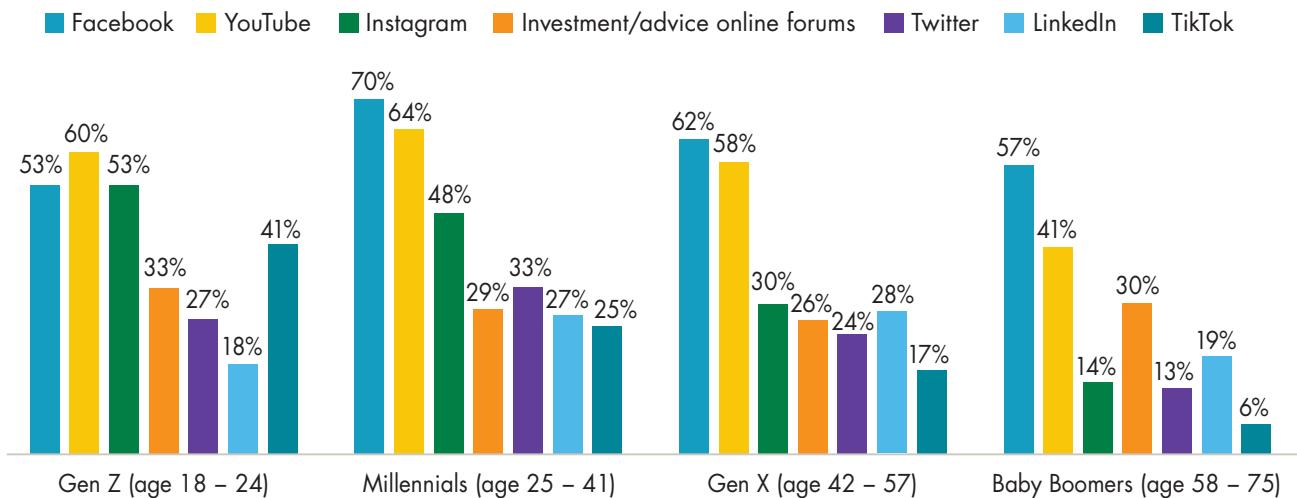
FIGURE 31  
**Social Media Used for Financial Information\***



\*Among respondents using sites for financial information and/or communications

The audience share for online investment and advice forums continues to grow. The usage of these types of sites has almost doubled in the last three years. Not only are today's consumers using these platforms more frequently for financial advice, they are individually using multiple sites more often. In 2019, the average user identified just 1.5 sites as sources of financial information. In 2022, the average user indicates they visit almost three sites for the same purpose.

FIGURE 32  
**Use of Social Media for Financial Topics by Generation\***



\*Among respondents using sites for financial information and/or communications

Gen Z turns to social media per respondent for discussion, advice, and information regarding financial topics more often than older generations; 81 percent of them say they use social media in this way, as compared to 75 percent (Millennials), 48 percent (Gen X), and 27 percent (Boomers). TikTok is the fourth most used platform for the youngest respondents.

Marketers, agents, and those in the financial and life insurance industries need to be as relevant as possible to Millennials and Gen Z, as these cohorts use social media platforms to educate themselves more than Gen X and Baby Boomers. A social media presence is a necessity in 2022, as interaction is a key driver to awareness, education, and sales.

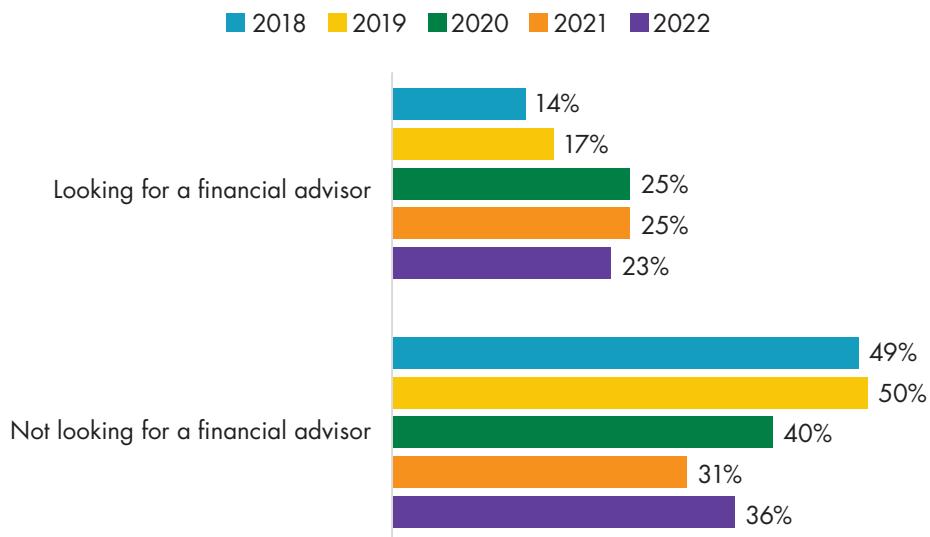
## Financial Professionals

Currently, 42 percent of consumers have a primary professional financial advisor, and another 23 percent say they looking for an advisor. In 2021, those who said that they had advisors jumped to 44 percent, up from 35 percent the prior year. The increase of 26 percent showed strong growth over prior study periods, but in 2022 the market appears to have stabilized (Figure 33).

The data in Figure 33 suggest the market for financial advice remains strong. Despite the increase in those **not** looking for an advisor, there is still high demand for financial professionals. With the loosening of COVID restrictions, prospective clients will be more willing to meet in person.

One in 4 respondents (66 million adults) indicate they are looking for an advisor. This metric is up 11 points from 2018. Fifty-two percent of those surveyed said they had sought information about an agent or financial advisor online.

FIGURE 33  
**Use of Primary Financial Advisor**



## Choosing an Advisor

When ranking the attributes they look for when working with an insurance agent, advisor, and/or financial professional, half of the respondents said experience was most important among the choices offered.

- Family and/or friends' recommendations (19 percent) and working in a relevant niche market (18 percent) were the second and third most important qualities.
- There are almost no differences between men and women when it comes to which advisor attributes each found important.
- Gender and cultural background of an advisor did not rate as important to clients, with only 1 in 20 agreeing that they were.
- The only outlier in all demographic groups was for those who speak Spanish in the home. For this cohort, sharing a cultural background with an advisor was three times more important than it was for any other group surveyed.

Regardless of what these data say, it is important for the life insurance and financial industries to continue improving their internal diversity and outreach programs. Having agents who demonstrate cultural competence, i.e., speaking a non-English language(s) and providing marketing materials in other languages, will improve chances with prospective clients in various ethnic markets.



# Life Insurance Shopping and Channel Preferences

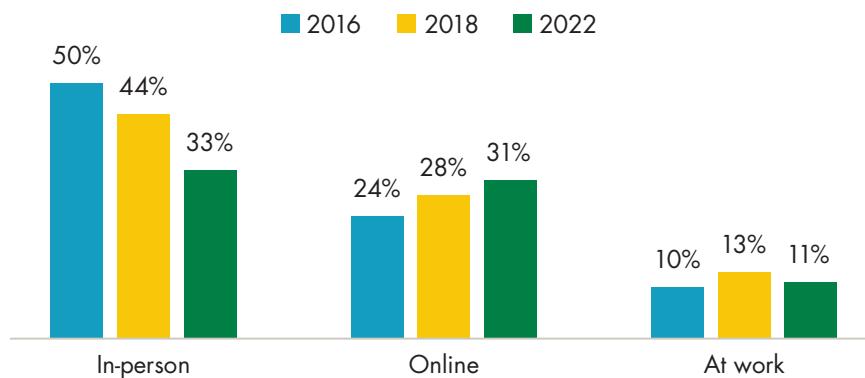
The COVID-19 pandemic forced millions of Americans to change the way they shop, work, socialize, and are entertained. No matter how technophobic, most with an internet connection learned how to video chat with family and make online purchases for delivery. As a result, millions of Americans have become comfortable with this "new way" of executing day-to-day tasks.

What does that portend for life insurance education, shopping, and sales? It is clear that the younger generations look to various social media platforms to learn about and discuss financial products, and that the industry needs to be relevant in that space. However, a social media presence alone does not necessarily translate into new customers. The industry must remain nimble, respect new media in a way that is attractive to those just entering the workforce or starting a family, and engage potential consumers on a proprietary company website.

## Purchase Preference

Unsurprisingly, there has been a large consumer shift favoring online life insurance shopping and purchasing. This is due to advances in technology and access as well as the pandemic. The Barometer survey did not include online purchase as an option prior to 2016. Preference for shopping online increased 29 percent over the last six years (Figure 34).

FIGURE 34  
**Life Insurance Shopping Preferences\***

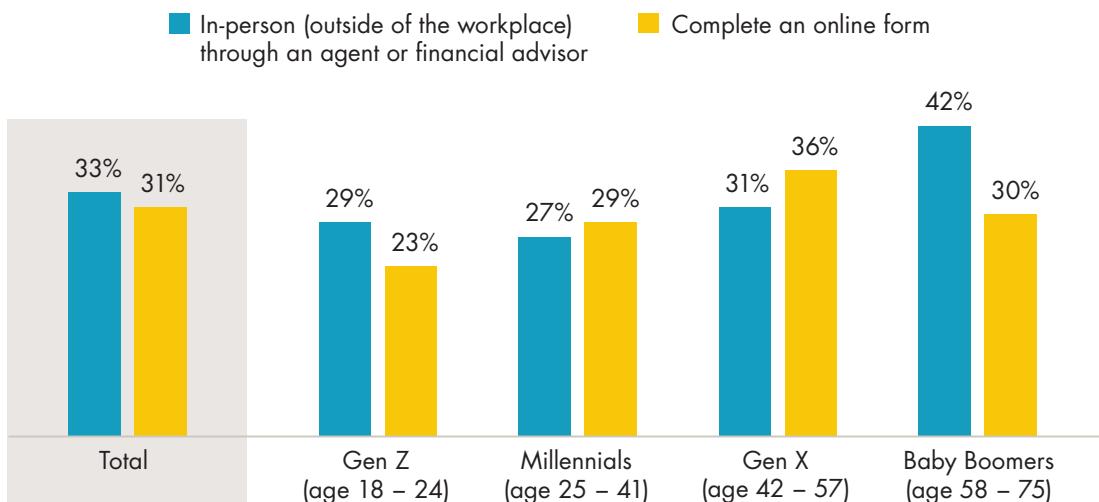


*\*Asked as a hypothetical situation to all respondents*

Other buying options such as over the phone, email, and postal mail have all remained under 10 percent in each period. Due to lack of knowledge, some respondents may not be fully aware of underwriting processes, intricate riders, and how complicated some types of policies can be.

As more Gen Z consumers enter the workforce and more Millennials start families, it is important to know their shopping and purchasing preferences (Fig 35). Gen Z's in-person preference may be driven by a self-aware lack of life insurance knowledge. LIMRA and Life Happens will continue to survey Americans in an effort to trend these data in a pandemic/post-pandemic world. Prior LIMRA studies have shown there is greater interest in purchasing life insurance online within older generations that likely have more knowledge and greater comfort levels about the type and amount of insurance they need.

FIGURE 35  
**Life Insurance Shopping Preferences by Generation\***



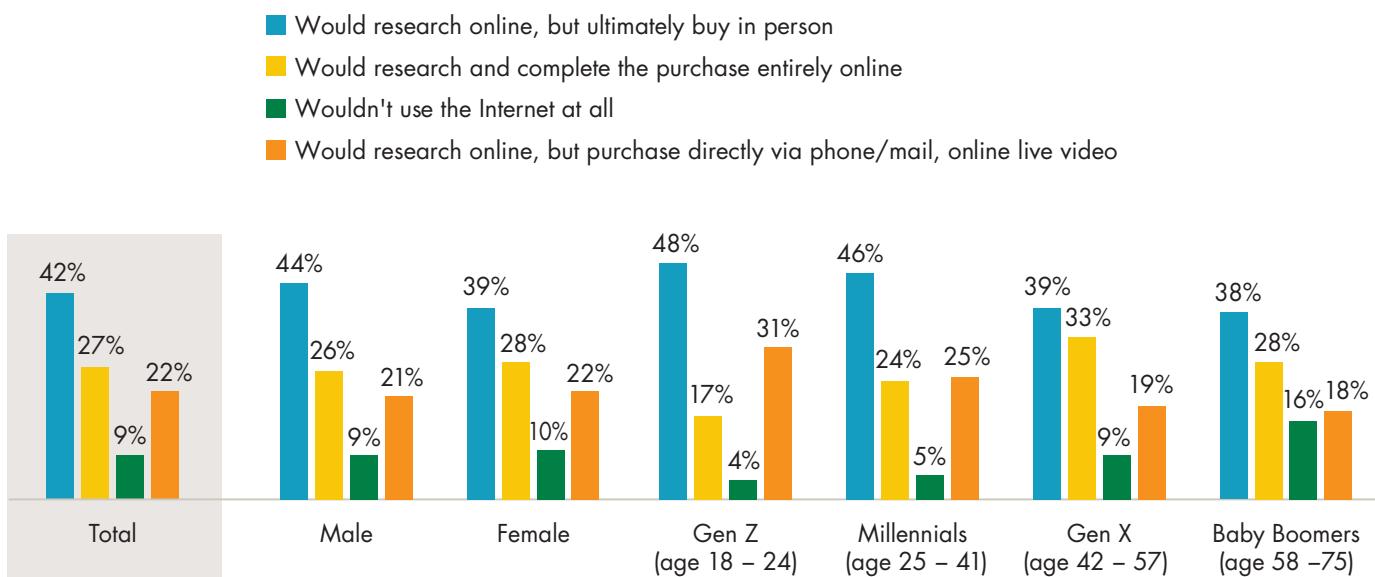
*\*Asked as a hypothetical to all respondents*

The proliferation and acceptance of using online video-conferencing platforms offers another way for advisors to meet with clients about life insurance purchase options. When asked to choose from four slightly different shopping pathways, all using an online component, we see that the Gen Z cohort is much more comfortable remaining entirely online, as long as they have the chance to speak “face to face” with an insurance professional; 41 percent more likely to do so than all Americans (Figure 36).

While it is important for the life insurance industry to keep up with the changing online landscape, the survey data suggest that many consumers are still hesitant to complete their purchases without meeting in-person.

- 60 percent say they have sought life insurance information online
- 39 percent say they have never visited a life insurance company’s website
- 32 percent have participated in an online video chat or seminar regarding life insurance
- 43 percent say they have or attempted to purchase life insurance online, half of whom have done so in the last year.

FIGURE 36  
**Online Life Insurance Shopping Preferences\***



\*Asked as a hypothetical situation to all respondents

Of the 43 percent who purchased or attempted to purchase online, a quarter of them say they had no in-person contact through the entire process. Everyone else met with or spoke with a financial professional or insurance agent. Interestingly, about the same number of respondents met with a professional first and then applied online as those who began the process online and met with a professional as a next step.

For additional research on shopping and purchase preferences, see [LIMRA's 2018 Purchase Funnel series](#). An update of Purchase Funnel study will be available later this year. For insight into the evolving methods of life insurance sales, see [LIMRA's 2021 Latest Factors Drive Life Insurance Sales and Online Enthusiasts](#), [https://www.limra.com/siteassets/research/research-abstracts/2022/the-online-enthusiast/2022\\_online-enthusiast-reboot\\_infographic.pdf](https://www.limra.com/siteassets/research/research-abstracts/2022/the-online-enthusiast/2022_online-enthusiast-reboot_infographic.pdf).

# Financial Concerns

The annual Insurance Barometer study examines the financial concerns of consumers to illustrate their financial mindscapes. Understanding the relative importance of consumer financial priorities allows the industry to align strategic priorities with long-term trends and operational initiatives with current mindsets.

The study tracks concern levels on a variety of common financial matters (Table 7), which address money matters shared by many households. Tracking concern levels on these items over time enables the industry to understand Americans' current financial priorities and to see how they change over time.

TABLE 7  
**Financial Concern Questions by Category**

Life Insurance	Health Expenses
Dependents financial security	Disability
Final expenses	Long-term care
Leaving an inheritance	Medical
Living Expenses	Saving Goals
Job/Income security	Dependents' education
Credit card debt	Investments
Monthly bills	Retirement
Mortgage/Rent	Emergency fund
Student loan debt	

To simplify the information contained in all 15 items, analysis follows three layers of examination:

1. The Financial Concern Index (FCI) — the FCI reduces data on 15 items into a single metric that expresses percent change relative to the first year of the study. It represents a financial concern barometer for American consumers.
2. The Financial Concern Hierarchy — the hierarchy illustrates how consumers rank their concern levels across four financial categories. This isolates concern for life insurance relative to health expenses, saving goals, and living expenses.
3. Individual financial concerns — the individual items provide a granular view of consumer mindsets. The information reveals the relative importance of items that are key indicators for different products and coverages.

## Financial Concern Index

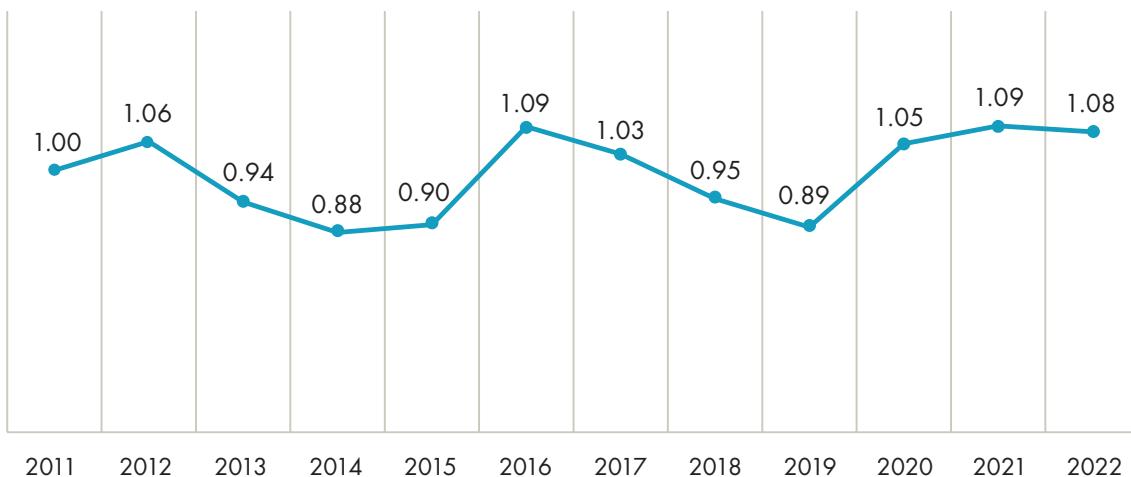
The Insurance Barometer began to measure the level of financial concern among consumers in 2011. At that time, 30 percent of respondents said they were “very” or “extremely” concerned about the financial matters in this survey. Using 2011 as the base year, the Financial Concern Index (FCI) tracks the percent change in overall financial concern from year-to-year (Figure 37).

In 2022, the FCI equals 1.08; indicating overall concern is 8 percent higher now than in 2011. The trend line shows that the overall level of concern has not changed much from last year. This suggests consumers have the same “**COVID mindset**” that developed with the arrival of the pandemic. The business implications suggest consumer demand for insurance coverages remains elevated in 2022.

To put the 2022 FCI data in historical context, the 12-year trend line shows three financial concern jumps in 2012, 2016, and 2020. Periods of falling concern follow the jumps in 2012 and 2016, but a decline in concern did not follow the jump in 2020. Instead, financial concern rose again in 2021 and remains high. This suggests the current environment is different from prior peak periods, as consumers are now in the midst of a three-year period of financial elevated concern.

The causes of elevated concern in 2012 relate to uncertainty and instability of the U.S. economy in 2011. The federal government was in a period of extreme partisan politics, difficulties reaching a budget deal threatened to close down the federal government. This caused concern about a repeat of the financial crisis of 2007 – 2008.<sup>19</sup> However, those fears did not materialize and the economy grew by 3 percent, which explains the decline in concern the following year.

FIGURE 37  
**Financial Concern Index 2011 to 2022**



The peak in financial concern observed in 2016 relates to the sub-par performance of the economy in 2015.<sup>20</sup> With a presidential election looming amid the extreme partisan environment, consumers chose to save dollars instead of spending them, a clear signal they did not have faith in the U.S. economy. While lack of spending curtailed growth at the beginning of the year, the economy performed well in the second half of the year. Consequently, consumer concern began to trend down 2017.

<sup>19</sup> “The 2007 – 2008 Financial Crisis in Review,” *Investopedia*, November 2021.

<sup>20</sup> “A U.S. Economy Snap Shot,” *Forbes*, January 2016.

The current environment is different in that the jump in concern observed in 2020 has not dissipated. Concern rose in 2021 and remains high, suggesting consumer mindsets are crowded with financial concerns and are fatigued from three years of high concern levels. The industry needs to be aware of this consumer mindset and use marketing and communication themes that help attain financial security during a time of great economic and social upheaval.

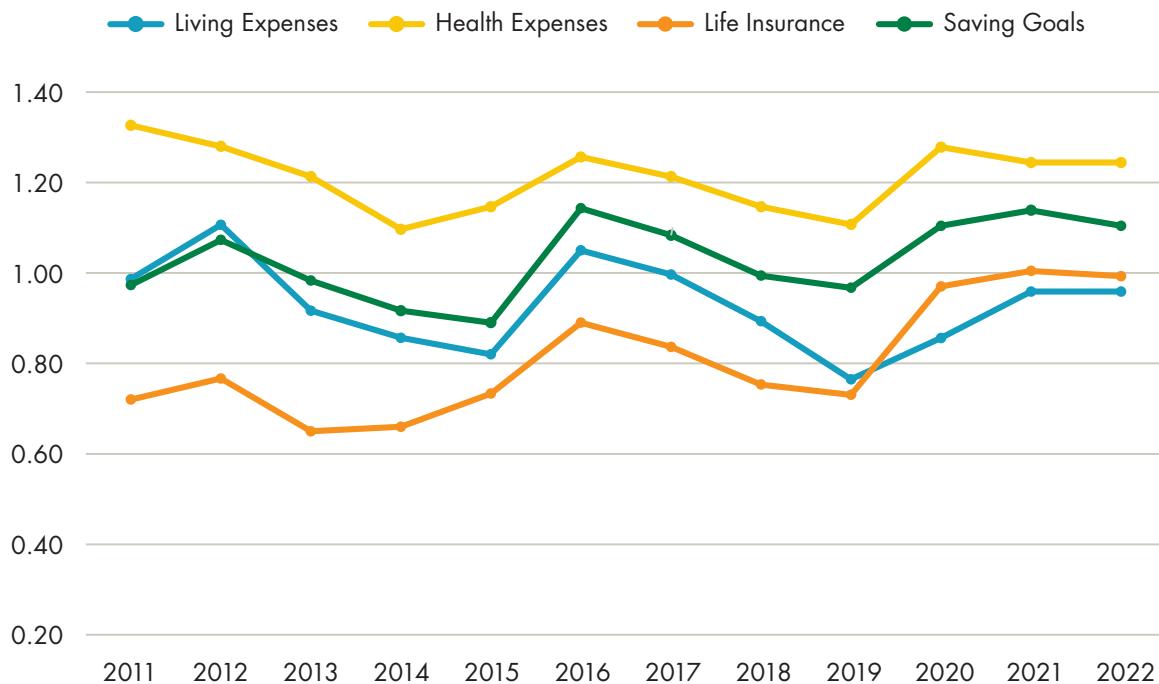
## The Financial Concern Hierarchy

The Financial Concern Hierarchy isolates concern for life insurance relative to health coverage, saving goals, and living expenses. The hierarchy reveals which financial matters dominate the financial mindscape of American consumers.

The analysis is based on the theory of human motivation,<sup>21</sup> which states that humans focus on basic needs first (i.e., food and shelter) and do not act on other goals until their basic needs are satisfied. When applied to the financial concern data, the theory suggests consumers will not focus on financial matters such as life insurance until concern over their living expenses is relatively low.

Currently, relative concern for living expenses is low (Figure 38), which suggests the average consumer may turn their attention to act on broader financial matters. Concern for health related expenses is the most pressing concern for consumers. While this is consistent with the presence of the pandemic, COVID-19 is not the sole driver, as health expenses are always the top concern for American consumers. This suggests consumers are listening for messages on the topics of medical coverage, disability income insurance, and long-term care.

FIGURE 38  
Financial Concern Hierarchy 2011 to 2022



<sup>21</sup> A.H. Maslow "A theory of human motivation." *Psychological Review*, 1943.

Saving goals occupy the second tier of the financial concern hierarchy, followed by life insurance. The data indicate consumers remain more concerned over saving for retirement and saving for an emergency than they are about life insurance.

The ranking of financial concerns provides a roadmap for financial professionals in today's market. It suggests consumers are most likely to respond to messages that speak to health maintenance and savings. It also implies that communications themes that ignore prominent concerns may fall on deaf ears. Messages that incorporate consumers' highest concerns will get more attention. For life insurance professionals, this provides the opportunity to show how coverage can protect all financial concerns and can contribute living benefits in the highest concern categories.

## Trends in the Financial Hierarchy

The two most important aspects of the Financial Concern Hierarchy are: 1) to understand relative financial priorities and 2) to see changes in the rank order of financial concern categories. Changes in the rank order of financial concerns has only occurred twice since 2011 (Figure 39).

FIGURE 39  
**Financial Concern Hierarchies by Period**



In 2013, savings goals moved up from third position to second, replacing living expenses. This reflected full recovery from the financial crisis of 2008 – 2009. It illustrates how long the impact of the recession lasted for many consumers and explains why it was difficult for them to act on other financial matters.

In 2020, concern for life insurance moved from third position to second, replacing living expenses. This was the first time that living expenses sank to the bottom of the financial concern hierarchy. This provides a unique and important insight for the industry and marks the first time that morbidity and mortality concerns outpace living expenses.

This illustration should help industry professionals understand the thinking of today's consumer. It provides a means by which marketers can navigate the financial landscape of consumers by understanding which issues are most prominent and the relative location of the issues on which financial professionals want to focus.

## Financial Concerns by Generation

The annual Insurance Barometer profiles financial concerns across generations, so the industry can see the different priorities of each age cohort. Over time, it also allows the industry to see how new generations (i.e., Gen Z) set their own priorities (Table 8).

**Gen Z (18 – 24)** — Gen Z has a lower overall level of financial concern than Millennials and roughly equal to that of Gen X. The cohort of Gen Z eligible for surveys does not represent the entire generation, so time will tell if this group has generally lower levels of financial concern than their predecessors do.

TABLE 8  
**Financial Concerns by Generation – 2022**

Financial Concerns	Total	Generations			
		Gen Z (18 – 24)	Millennials (25 – 41)	Gen X (42 – 57)	Baby Boomers (58 – 75)
<b>Living Expenses</b>					
Job/income security	32%	40%	44%	35%	13%
Credit card debt	28%	26%	39%	28%	17%
Monthly bills	33%	31%	45%	34%	18%
Mortgage/rent	28%	30%	38%	30%	13%
Student loan debt	19%	28%	31%	17%	5%
<b>Health Expenses</b>					
Disability related expenses	37%	41%	47%	43%	20%
Long-term care expenses	37%	27%	43%	41%	30%
Medical expenses	35%	35%	42%	37%	23%
<b>Life Insurance</b>					
Final/burial expenses	29%	26%	38%	31%	17%
Leaving an inheritance	27%	27%	35%	30%	14%
Income replacement	31%	29%	42%	33%	16%
<b>Saving Goals</b>					
Funding an education	22%	23%	36%	21%	5%
Emergency fund	38%	36%	48%	40%	26%
Losing money on investments	26%	24%	32%	26%	19%
Money for retirement	43%	35%	50%	52%	29%
<b>Average concern — all items</b>					
Overall	31%	31%	41%	33%	18%

The highest-level concern within Gen Z is over disability related expenses (41 percent) and job/income security (40 percent). Both of these items relate to income protection and suggest incomes are "top-of-mind" for the average 18 to 24 year old.

The financial matters with the next highest levels of concern include saving for emergencies (36 percent), saving for retirement (35 percent) and medical expenses (35 percent). Readers might expect concern over student loans to be high among Gen Z. In fact, relative concern over student loans is higher for Gen Z than any other generation, but members of Gen Z have several financial matters that are more pressing.

**Millennials (25 – 41)** — The Millennial generation has the highest overall level of financial concern (41 percent), significantly higher than other age groups. This concern relate to life stages. At ages 25 to 41, Millennials are in the midst of their family formation years and career development years. This places a lot of financial pressure on those with families and extended households.

Millennials express the highest level of concern on all of the specific financial matters in this study, except for one, saving for retirement. On that item, their concern level is just below that of members of Gen X, who are much closer to actual retirement age.

This information suggests the financial landscape of Millennials reveals a number of prominent concerns. Marketers hoping to communicate effectively on just one of these items may find it challenging to formulate messages that navigate around the competing financial priorities. Consumers will screen messages that relate to financial matters against a dozen different financial concerns. By acknowledging the presence of all these issues, the message may be able to reach its intended target.

**Gen X (42 – 57)** — Gen X has the second highest level of financial concern (33 percent), but it is significantly lower than for Millennials. This age cohort has entered their prime income earning years, which appears to be relieving them of anxiety over many of these financial matters. This suggests they will be able to focus and act on their top financial priorities.

It is not a surprise to see that saving for retirement is the top concern for Gen X (52 percent), significantly higher than any other factor. Clearly, marketers must be sensitive to the prominence of this item. Consumer may block out messages that fail to account for the importance of retirement and thus communications on related financial matters may never reach the intended target.

Concerns over disability related expenses, long-term care, and emergency savings are also important to Gen X. This suggests these consumers are likely to pay attention to messages that speak to these topics. Marketers of DI and LTC products can leverage this information, and life marketers can leverage the concern for emergency savings as a reason to consider permanent products with cash build-up features.

**Baby Boomers (58 – 75)** — Boomers have the lowest level of financial concern among these generations, which relates to their overall financial status. Many Boomers have already retired, and many others are quickly approaching that milestone. Consequently, their concern over many of these financial matters is relatively low.

The top financial concerns for Boomers include long-term care and saving for retirement. However, their relative concern on these items is significantly lower than among Gen X or Millennials.

## Related Research

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- *The Demand for Life: Consumer Sentiment in the Age of COVID*, [MFACTS ISSUE4 2020 WEB.PDF](https://www.limra.com/en/newsroom/mfacts-issue4-2020-web.pdf), [limra.com](https://www.limra.com).
- *2021 Insurance Barometer Series*, LIMRA, Life Happens, [2021 INSURANCE BAROMETER STUDY](https://www.limra.com/en/newsroom/2021-insurance-barometer-study), [limra.com](https://www.limra.com).
- *News and Views on Financial Wellness*, [MFACTS ISSUE 2 2021 WEB.PDF](https://www.limra.com/en/newsroom/mfacts-issue-2-2021-web.pdf), [limra.com](https://www.limra.com).
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- The *Help Protect Our Families* initiative sponsored by LIMRA and Life Happens, along with seven other trade associations and 76 life insurance carriers and distributors, <https://www.limra.com/en/newsroom/help-protect-our-families-archive/archives/2021/help-protect-our-families-2021/>.
- *Life Happens* has a wide range of consumer-education information on [lifehappens.org](https://www.lifehappens.org) and resources for companies and producers at [lifehappenspro.org](https://www.lifehappenspro.org).





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