

LIMRA: Individual Life Falls to 50-Year Low

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

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

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

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

Families Focusing on Other Financial Priorities in Difficult Times

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