2023 Insurance Barometer Study

FOCUS ON LIFE INSURANCE: Ownership, Behaviors, and Attitudes

LIMRA
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Life Happens.
a nonprofit organization

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Overview

LIMRA and Life Happens have collaborated on the annual Insurance Barometer Study since 2011 as an effort to provide our members with actionable insights derived from the attitudes and behaviors of American adults with regards to life insurance and other financial products and services. What drives consumers to follow through on their aspirations to purchase life insurance? What financial concerns and other barriers prevent them from doing so? Are there important demographic differences when it comes to the life insurance marketplace? LIMRA surveyed 8,183 adult financial decision-makers, aged 18 – 75, about what matters most to them when thinking about life insurance and retirement in 2023.

While it is not possible to paint entire population segments with the broad brush of consumer survey results, the Barometer Study aims to provide some guidance to better understand a wide range of diverse demographic groups.

In the 2023 Barometer Series, we will explore the "post-pandemic" marketplace and provide insights into the life insurance marketplace for the 13th year.

These findings will be published in a series of reports throughout 2023:

- **Report 2: The Future of Life Insurance**
- **Report 3: Retirement Preparedness and Financial Security**
- Insurance Barometer Technical Supplement

Key Findings

- Overall, self-reported life insurance ownership rose from 50 percent in 2022 to 52 percent today.
- Among life insurance owners, 21 percent say they do not have enough coverage.
- Non-owners who say that they need life insurance represent 30 percent of all respondents, similar to 2022.
- The percentage of Americans with a life insurance need-gap rose sharply in 2020, and has not ebbed since the generally accepted end of the COVID-19 pandemic in 2022.
- Of respondents earning $50,000 to $149,999 per year, 39 percent say they need/need more life insurance. The high level of need, combined with the large number of households in this segment, suggests interest from 48 million middle-income consumers.
- Women (49 percent) are less likely than men (55 percent) to have life insurance. This self-reported gender gap has persisted over the 13 years of the Barometer Study.
- 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 majority of Gen Z has now aged into the Barometer Study sample and are showing interest in life insurance. While self-reported ownership remains low at 40 percent, half report a need-gap (49 percent), which suggests an early awareness for life insurance products.
- While 60 percent of respondents with financial dependents say they would be financially secure if a primary wage earner were to pass away, owning life insurance makes a significant difference: only 49 percent of non-owners feel secure versus 69 percent of life insurance owners, a 41 percent difference.
- Black and Hispanic Americans report higher need for life insurance protection than other groups.
- Hispanic Americans report lower life insurance ownership than other racial and ethnic groups in the study. Black and White Americans' ownership rate is nearly 10 percentage points higher than Hispanics'.
- Perceived cost is cited as the top barrier to purchase life insurance. However, only a quarter (24 percent) of all respondents correctly estimated the true cost of a term life insurance policy. Year after year, consumers greatly overestimate the cost of life insurance.
- A quarter of the three younger generations cite "lack of knowledge about life insurance products" as a reason not to own.
- Changing demographics and family dynamics in the United States necessitate rethinking marketing and distribution strategies. Fewer single mothers own life insurance (40 percent) than the general population (52 percent), but express a higher level of awareness and need (59 percent of single mothers have a life insurance need-gap).
- The top reason single mothers cite for owning life insurance is to cover final expenses. Research shows single mothers have a heightened sense of financial concern, sometimes nearly twice as much as the general population.

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 self-reported life insurance need among all American adults aged 18 – 75. Tracking this metric annually enables the industry to assess business opportunities in the present-day market and evaluate those opportunities relative to prior years.

To identify respondents who need life insurance, we include the non-owners who say they need coverage, as well as life insurance owners who say they need more coverage. Table 1 reveals that 41 percent of American adults say they need life insurance or need to obtain 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 two years.

Blending estimated U.S. adult population data[1] with the survey results suggests the total life insurance need-gap now encompasses 101 million adults.

- Life insurance owners who want more coverage represent 1 in 10 respondents, about the same level as in the last 24 months. This indicates more business value exists within the industry's current policyholder base.
- Non-owners who need life insurance represent 30 percent of all respondents, a 2-point rise from 2021. This indicates the industry's overall market opportunity has maintained its potential for growth from mid-pandemic 2021.

TABLE 1: The Life Insurance Need-Gap, 2021 – 2023

Segment Definition	Percent of All Adults With a Life Insurance Need-Gap			Number of Adults With a Life Insurance Need-Gap (in millions)		
	2021	2022	2023	2021	2022	2023
Insureds who need more coverage	11%	10%	11%	27	25	27
Non-owners with need	28%	31%	30%	69	77	74
Total need-gap	40%	41%	41%	99	101	101

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

[1] *Total U.S. Resident Population by Age, Sex, and Series,* U.S. Census Bureau, Population Division, Demographic Analysis, December 2020 release.

- The need-gap among owners increased by 2 million, which may represent younger underinsureds reaching prime purchasing life-stages as well as changing post-pandemic financial prioritization among households.
- The need-gap among non-owners decreased by 3 million, which is likely a reflection of the slightly higher levels of reported ownership.
- Overall, the life insurance need-gap has remained relatively stable since the beginning of the COVID-19 pandemic. Previously, between 2011 and 2019, the percentage of Americans with a self-reported need-gap ranged from 31 percent to 36 percent, versus 41 percent reported this year.

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 a wide diversity in the American population. Thus, need-gap segments are not niche markets; each group of owners and non-owners represents a mass market with millions of consumers.

Demographic characteristics are useful for understanding the different types of people who live with a life insurance need-gap. Table 2 illustrates the relative level of life insurance need across four important demographic characteristics: gender, generation, race/ethnicity, and household income.

The data below suggest life insurance need is highest among the following consumer segments:

- Households earning under $50,000 per year
- Those identifying as Hispanic or Black Americans
- Millennials and Gen Z (ages 18 to 42)
- Women

The following analysis estimates the size of each need-gap segment, so that the industry can evaluate market opportunities within different groups.

TABLE 2: Life Insurance Need and Market-Sizing, by Demographic Segment and Ownership

Demographic Group	Percent With Need			Number With Need (millions)		
	Owners	Non-owners	Total	Owners	Non-owners	Total
GENDER						
Male	11%	27%	38%	14	33	47
Female	11%	33%	44%	14	41	54
GENERATION						
Gen Z	6%	43%	49%	2	17	19
Millennial	10%	37%	47%	7	27	34
Gen X	14%	32%	46%	9	21	30
Baby Boomers	11%	16%	27%	8	11	19
RACE/ETHNICITY						
Asian	9%	26%	35%	1	4	5
Black	14%	35%	49%	5	12	16
Hispanic	10%	39%	49%	5	18	23
White	10%	26%	36%	15	38	53
HOUSEHOLD INCOME						
Under $50K	8%	48%	56%	5	30	35
$50 – $149K	13%	26%	39%	16	32	48
$150K or more	10%	18%	28%	6	11	17

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

Gender and Generations — The overall need for life insurance is higher among women (44 percent) than among men (38 percent), and the difference is found among non-owners. In other words, women present a significant opportunity for the industry. Women have reported lower rates of ownership for every year of the Barometer Study as well as a higher level of need. Nearly half of each of the younger three generations has a life insurance need-gap.

Race and Ethnicity — Respondents identifying as Hispanic and Black expressed the highest need for life insurance (49 percent). This suggests present-day interest from 23 million Hispanic and 16 million Black consumers. With ongoing demographic shifts in the United States, younger Black and Hispanic consumers will continue to become a larger market segment.

Household Income — Life insurance need is highest among under $50,000 per-year-household-income respondents, indicating interest from 35 million Americans 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 a historically underserved market.

Among respondents earning $50,000 to $149,999 per year, 39 percent say they need/need more life insurance. The high level of need combined with the large number of households suggests interest from 48 million middle-income consumers. Need is less pronounced within the mass affluent (over $150,000 per year), but this segment still represents 17 million potential life insurance buyers.

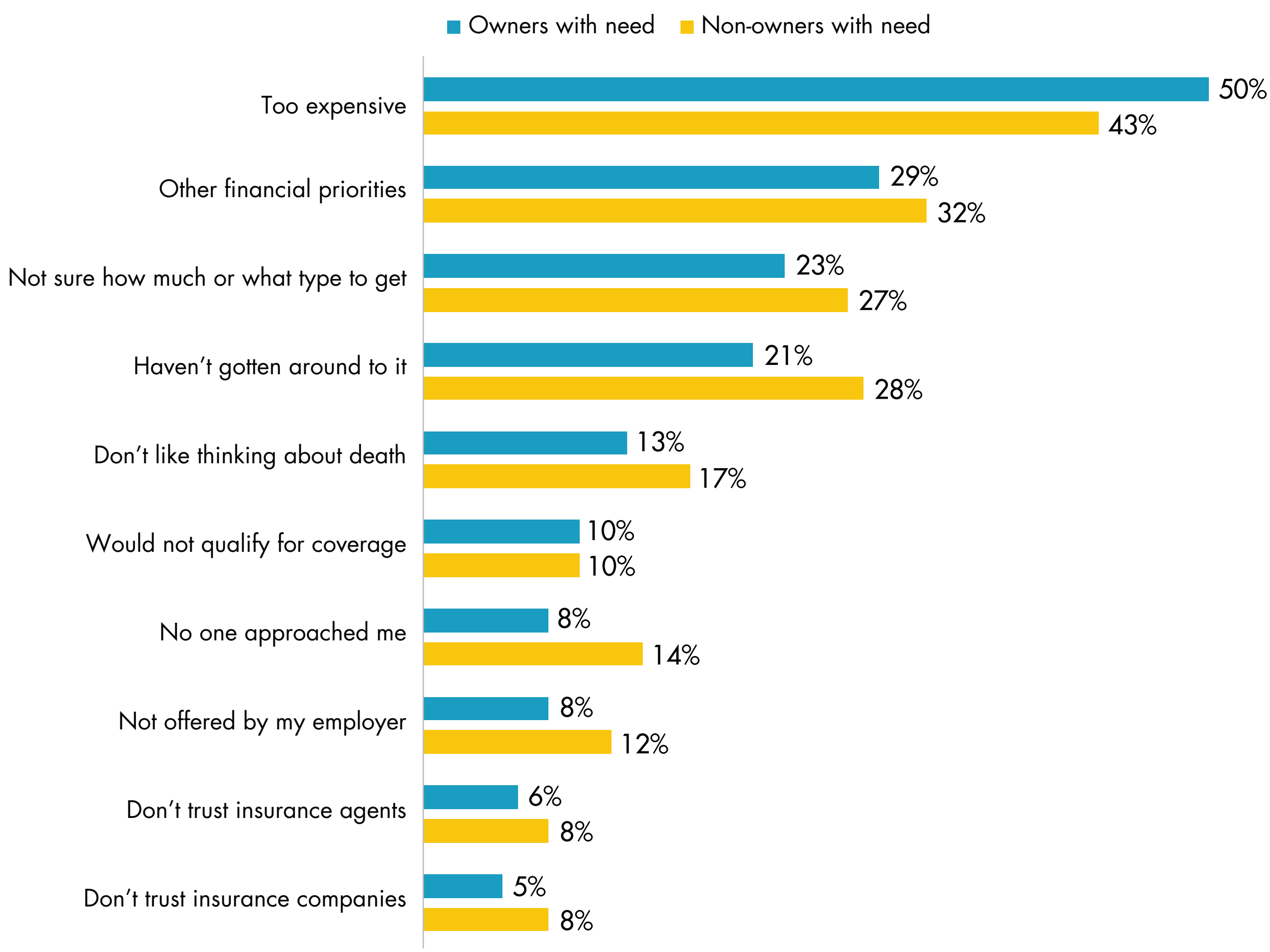
Reasons for Having a Life Insurance Need-Gap

Those consumers who do not have life insurance yet state they need it, as well as those who do not have as much coverage as they want, were asked about their reasons for this gap. On average, those with a need-gap cite at least two reasons for not having the coverage they need. Figure 1 illustrates the different reasons for living with a need-gap; the top three reasons are the same for uninsured and underinsured:

1. They perceive it as too expensive.
2. They say they have other financial priorities.
3. They are not sure how much they need/what type to buy.

Many of the reasons identified in Figure 1 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.

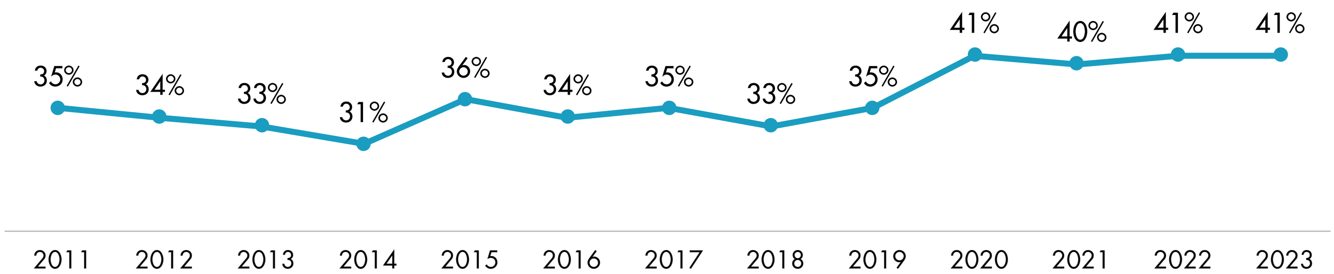
FIGURE 1: Reasons for Not Having (More) Life Insurance, by Need-Gap Segment



The Need-Gap Over Time

In the years the Barometer Study was conducted prior to the COVID-19 pandemic, the life insurance need-gap averaged 34 percent, with a maximum of 36 percent in 2015. Once the pandemic hit, the gap rose to 41 percent and has stayed at that level for four years (Figure 2).

FIGURE 2: The Life Insurance Need-Gap, 2011 – 2023



Economic and employment conditions affect the need-gap measurement, but we can infer that it takes a drastic global event like the COVID-19 pandemic to change perceptions about the need for life insurance. By early 2023, however, most Americans considered the pandemic "over" — yet the need gap has remained elevated above the previous decade's average.

Aside from the pandemic, it is difficult to ascribe other reasons for this metric. As more Millennials and Gen Z members reach life stages when purchasing life insurance becomes more likely, it is possible that they are recognizing the need — as a result of the pandemic or knowing previous generations were more likely to own policies — but do not think they can afford it. Of concern is that a tenth of Gen Z and Millennials state that a barrier to purchase is the perception that they would not qualify for coverage — clearly a misconception.

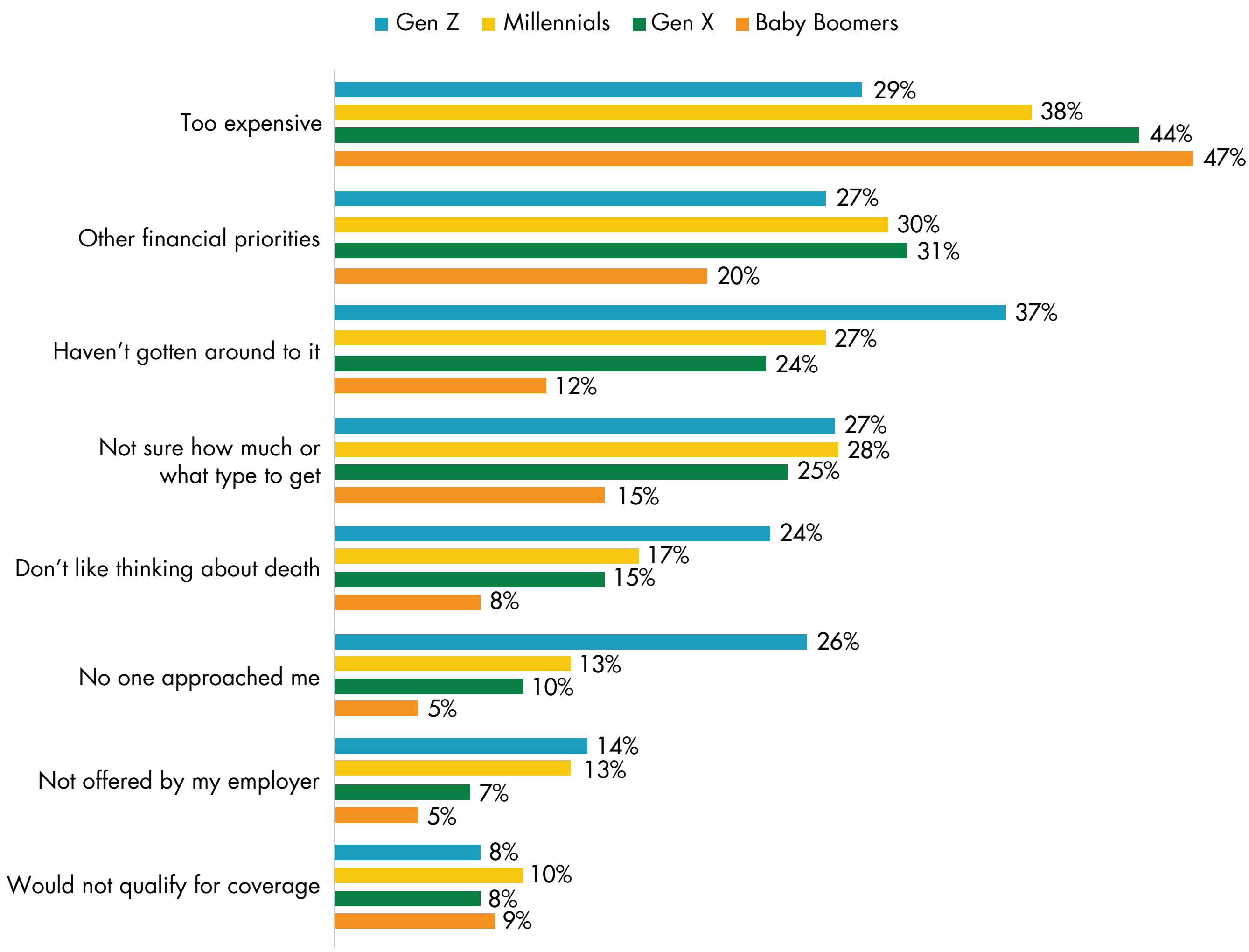
At the same time, over a quarter of Gen Z, Millennial, *and* Gen X members state they are not sure how much or what type of coverage to get (Figure 3). A large part of the need-gap can be attributed to a "knowledge gap." Many younger Americans state a need for life insurance, but too many are likely intimidated by the education and purchase process. Policies are not as simple as they were for Baby Boomers, and the industry would be well served to create clear and easily accessible tools to lessen these knowledge and need-gaps.

In 2011, 64 percent of consumers said they would prefer to buy life insurance in person; by 2020, just 41 percent felt this way. In 2023, that number has dropped to 29 percent. Other releases in the 2023 Barometer series will focus more on this shift, but it is clear that there are new consumer expectations when it comes to life insurance education, shopping, and purchase.

Reasons for Not Having (More) Coverage by Need-Gap and Market Segments

There is consistency in reasons for not obtaining coverage across demographic groups. In most instances, the top three reasons are the same: perceived expense, other financial priorities, and uncertainty over how much and what type to purchase. The top two reasons across the need-gap segments have remained consistent for the last few years of the Barometer Study.

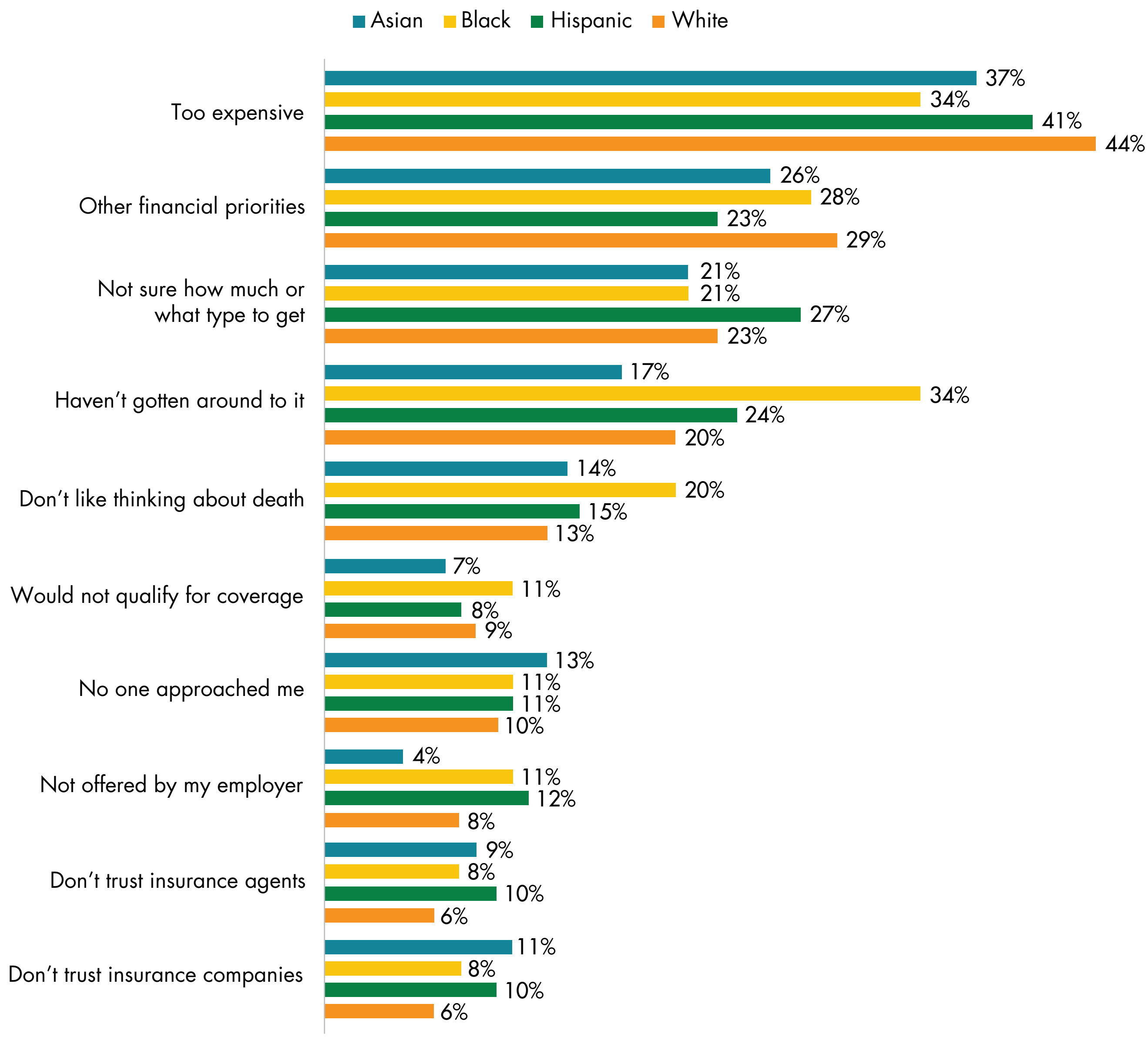
FIGURE 3: Reasons for Not Having (More) Life Insurance, by Generations



Race and Ethnicity — On average, Black and Hispanic respondents are each more likely to cite more reasons for not owning/owning more life insurance (Figure 4). Again, perceived expense tops the list for each race/ethnicity. Black Americans cite expense the least, however, and, in fact, it matches "haven't gotten around to it" as a reason. Historically, Black Americans have the highest level of life insurance ownership, and, while the expense of life insurance is the number one reason all race/ethnic groups give for not purchasing coverage, Black Americans are least likely group to cite expense.

As with all things, there may be cultural components that give consumers pause. Data suggest that Black Americans are an outlier when it comes to discomfort thinking about death and Hispanics cite lack of knowledge about the available products. As U.S. demographics shift, the industry will need to be cognizant of language, culture, and historic trends concerning all the components of life insurance sales.

FIGURE 4: Reasons for Not Having (More) Life Insurance, by Race and Ethnicity



Gender — Women and men have the same top three reasons for not having (more) coverage, with a higher percentage of women citing each reason. In particular, they are more likely to cite having other financial priorities as well as uncertainty over how much or what type to get.

Addressing the Need-Gap

In 2022 and 2023, LIMRA produced a series of Purchase Funnel reports https://www.limra.com/en/research/research-abstracts/2022/the-purchase-funnel/ regarding the life insurance ownership journey from recognizing need through purchase.

Life Happens, the consumer education nonprofit, created and has coordinated Life Insurance Awareness Month each September since 2004, along with Insure Your Love in February and Disability Insurance Awareness Month in May. It has a wide range of consumer-education information on lifehappens.org and resources for companies and producers at lifehappenspro.org.

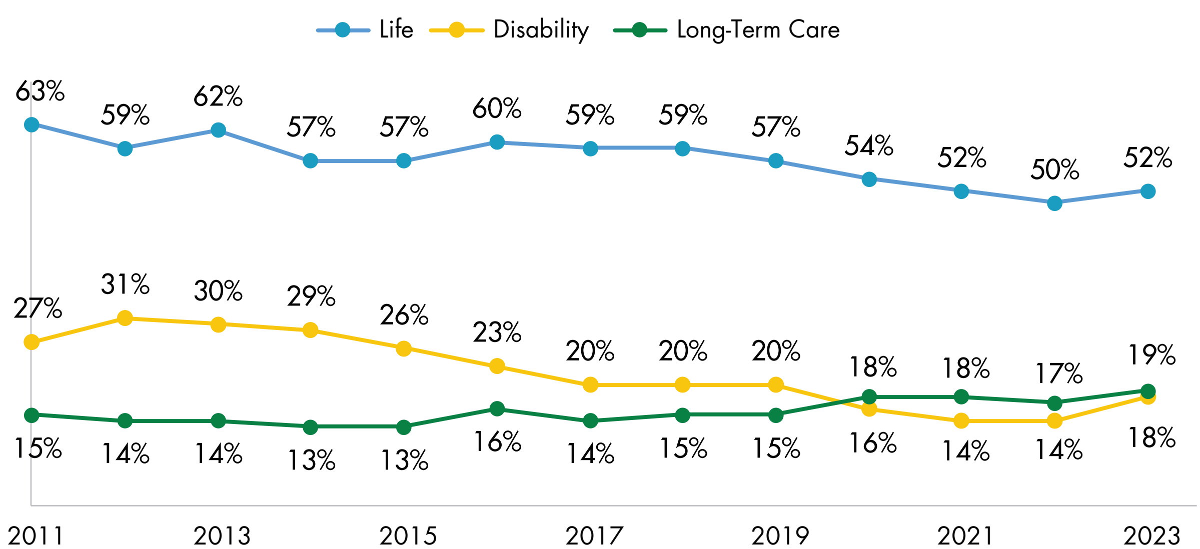
Insurance Ownership Trends

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 entirely knowledgeable about insurance products.

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* — the same as in 2022. Nonetheless, the majority of respondents say they are knowledgeable, with 27 percent indicating they are "very" or "*extremely*" knowledgeable. While the sample contains a mix of subject matter expertise, all respondents are involved in their households' financial decision-making.

Figure 5 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, the consistent trend until 2022 suggested fewer consumers had life coverage. In 2023, Barometer respondents reported a slight increase in ownership.

FIGURE 5: Estimated Market Penetration by Product,* 2011 – 2023



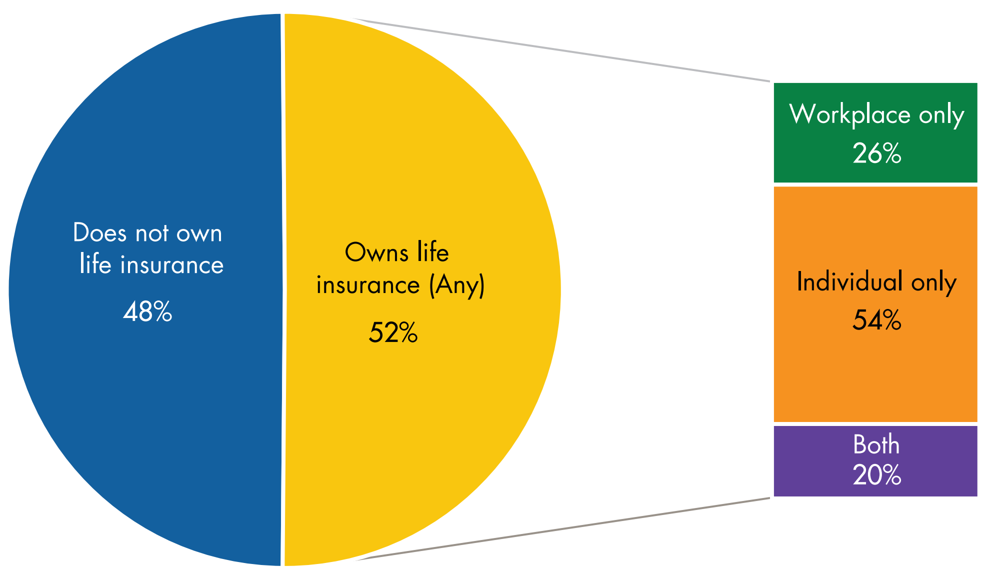
**Disability income coverage refers to the retail market; it does not include workplace coverage.*

Despite best efforts, survey respondents are sometimes confused about individual disability and long-term care insurances (LTCIs) and therefore may suggest that they are owners when they are not. LIMRA estimates that between 3 percent and 4 percent of Americans have LTCI and around 2 percent have individual disability insurance, demonstrating a lack of product understanding.

Life Insurance Ownership by Source

In 2023, just over half (52 percent) of Insurance Barometer respondents say they have some type of life insurance coverage. **Of insureds**, 54 percent indicate they have only individual coverage (i.e., purchased in the retail market), 26 percent say they exclusively have workplace coverage (i.e., obtained as a benefit of employment), and 20 percent indicate they have both sources of coverage (Figure 6).

FIGURE 6: Life Insurance Ownership by Type

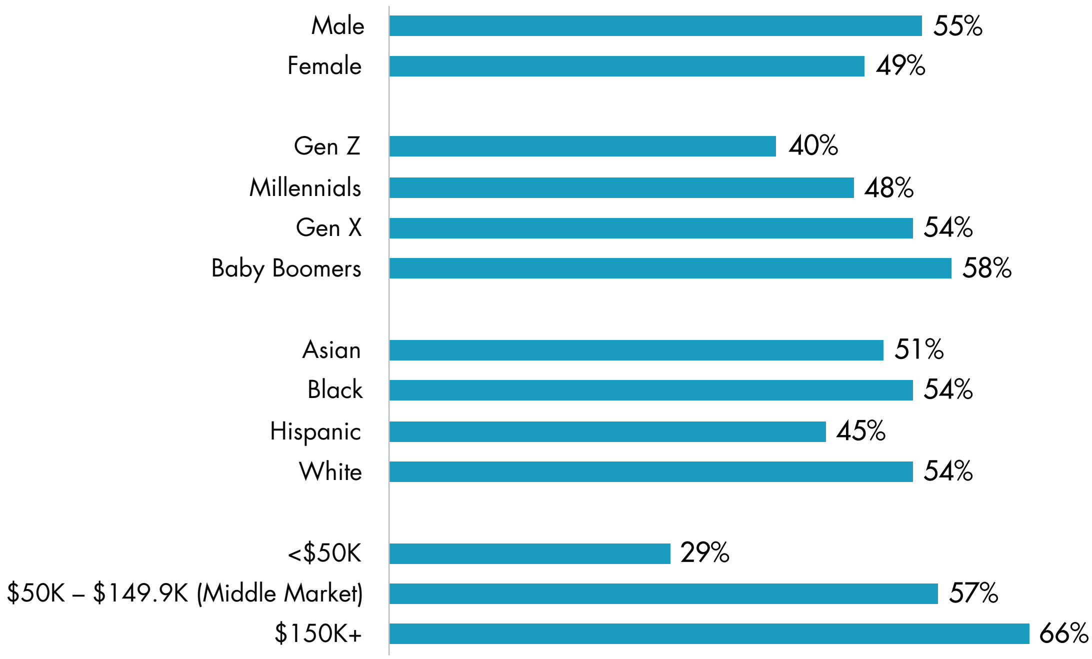


Life Insurance Ownership by Market Segment

The incidence of having life insurance coverage varies across market segment. Figure 7 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 $150,000 or more

FIGURE 7: Life Insurance Ownership by Demographic Segment



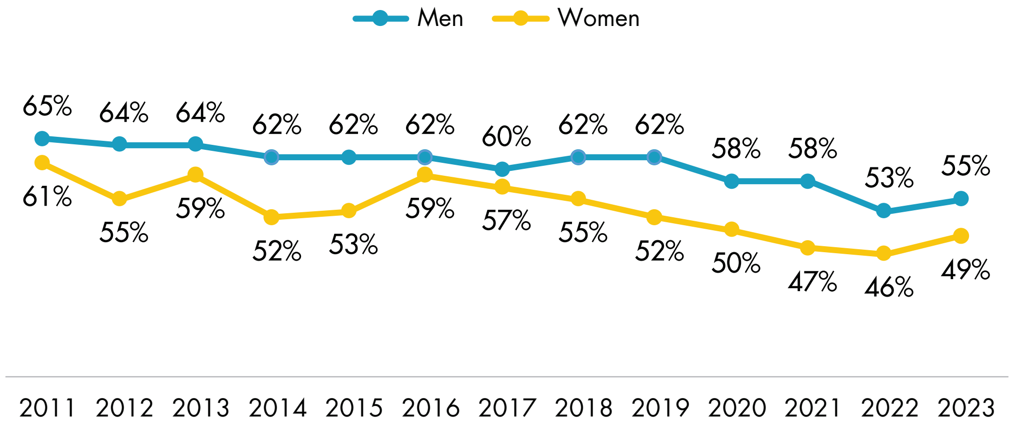
Gender Gap — Women are less likely than men to say they have life insurance coverage. The six-point gender gap is a statistically significant difference and identifies marketing opportunities for the industry among women. Among life insurance owners, a slightly higher percentage of men (47 percent) say they own life insurance obtained through an employer than women (45 percent). **Among individual policy owners**, the gender gap between permanent policies (67 percent of men own compared to 63 percent of women) is wider than that of term insurance (50 percent of men versus 48 percent of women).

These differences are not large, but considering women now make up 48 percent of the workforce,[2] they are certainly a large potential market for life insurance. LIMRA and Life Happens continue to address the need among women through various efforts and publications.

The life insurance ownership gender gap has persisted over the course of the Barometer Study's 13 years (Figure 8). Many factors contribute to this persistent gap. In decades past, more men than women worked and were largely responsible for family income and securing financial products, but that construct is becoming less prevalent. The life insurance need-gap split is similar to the ownership difference: 43 percent of women have a need-gap compared to 38 percent of men.

[2] *Labor Force Participation Rate – Women*, U.S. Bureau of Labor Statistics, April 3, 2023, https://data.bls.gov/timeseries/LNS11300002.

FIGURE 8: Life Insurance Ownership by Gender, 2011 – 2023



Women are more likely than men to overestimate the cost of life insurance, but a key differentiator may be something as simple as confidence. Men are significantly more likely to say they are "very" or "extremely" knowledgeable about life insurance than women (33 percent to 22 percent). The reality may be quite different, but this suggests that lower confidence may be a barrier to purchase. Additionally, Barometer data show that women say they are *more* trusting of insurance agents and companies than men, and currently a quarter of women (25 percent) say they are looking for an agent or financial advisor.

Generational Impact — The likelihood of having 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 the oldest Boomers are now over age 75, their penetration rate will began to decline year over year.

As the younger generations mature and reach life stage milestones, their participation in the life insurance market will increase. With new and evolving distribution and marketing methodologies available, it is imperative that life insurers adapt and continue efforts to reach Millennials and Gen Z.

Race & Ethnicity — The likelihood of having life insurance is relatively even among respondents who identify as Asian (51 percent), Black (54 percent), or White (54 percent). Those identifying as Hispanic report a much lower level of ownership (45 percent) in 2023. The Hispanic market seems to have been more affected by the pandemic; in 2021, 51 percent of Hispanic respondents said they had life insurance compared to 41 percent in 2022. The rebound in 2023 is a good sign that 2022 was perhaps an anomaly.

Household Income — Income has a significant influence on the likelihood of having life insurance. Over half of the households earning $50,000 or more per year have coverage, compared to less than one third (29 percent) of those earning below $50,000. Among households earning $150,000 or more, two thirds indicate they have life insurance.

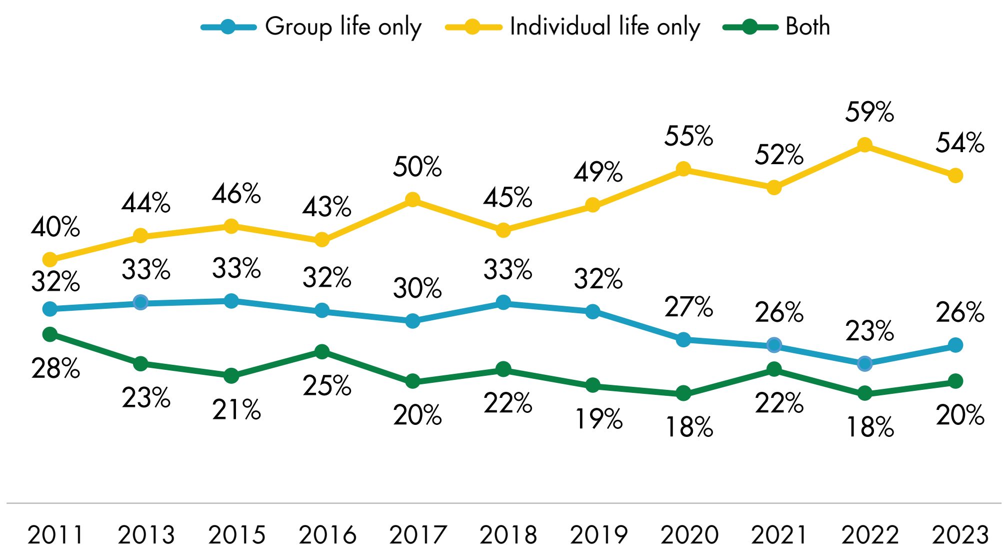
The life insurance industry has market opportunity in all income categories. Clearly, reaching households in the lower income segment presents challenges due to distribution expenses, but the need for coverage is high and consumer interest is strong.

Overlapping Coverage Sources

In general, consumers who have individual life insurance and workplace coverage usually have the best financial security. They tend to have higher levels of coverage,[3] 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 (Figure 9), but again rose slightly in 2023. While this metric fluctuates from year to year, the overall trend suggests that 1 in 5 insureds say they have coverage from both sources.

FIGURE 9: Overlapping Coverage Among Insured, 2011 – 2023



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. Life insurance obtained through an employer is a difficult statistic to track from consumer studies, as many employees misunderstand their workplace benefits, but access may be an issue as fewer employers offer a life insurance benefit now (48 percent) than when the Barometer Study began.[4]

The likelihood that insureds have only individual life coverage dipped to 54 percent in 2023, a five-point drop from last year. While the 13-year trend is up overall, some pandemic sales may have resulted in surrendered policies after only one or two years.

The data identify a business opportunity among the working-age population, as 1 in 4 (26 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.

[3] *Life Insurance Ownership in Focus: U.S. Person-Level Trends*, LIMRA, 2016.
[4] 2021–2022 Employer Benchmarking Study: Benefits Penetration, Rates, Funding, and Participation, LIMRA 2023.

Financial Concerns

It is clear that there is a life insurance need-gap and therefore a large opportunity for more Americans to obtain coverage. One way to gauge how a life insurance policy might fit into a household's budget is through an understanding of the most pressing financial concerns (Figure 10).

The Insurance Barometer Study examines these in an effort to understand the relative importance of competing consumer financial priorities and how they may relate to life insurance decision making.

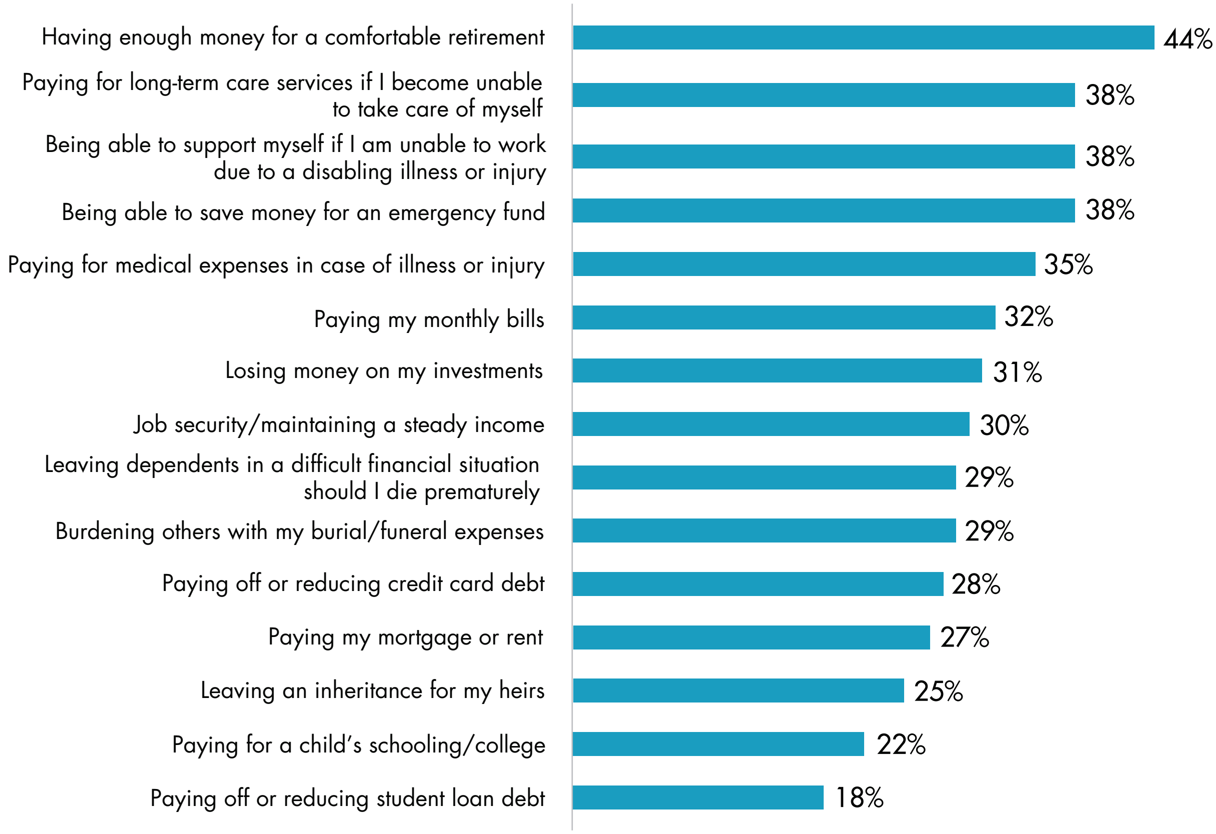
Consumers have experienced a rollercoaster of economic forces in recent years: the COVID-19 pandemic, political changes, international conflict, supply chain issues, job market uncertainty, inflation, and more. An annual snapshot of individual financial concerns provides a granular view of consumer mindsets, but year-over-year trending can provide a more robust view (available on the Barometer Dashboard).

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 presented in the survey. When averaged across all of the concerns presented, the levels of concern are strikingly similar every year since, never wavering more than four percentage points from the 2011 level; it is at 31 percent today.

The overall level of concern has remained above the 13-year average ever since the pandemic began and the 2020 U.S. Presidential election (a common cause of financial concern). Concern remains relatively high, suggesting consumer mindsets are crowded with financial concerns and are fatigued from three years of high concern levels.

The ability to provide for a comfortable retirement maintains the top concern cited for the past 13 years — the full history of the Barometer Study. The top five financial concerns have remained consistent, but have often traded places year over year. Likely a result of the Affordable Care Act in 2010, concern about paying for emergency medical expenses has dropped since 2011 when it was just behind retirement funding. Paying for long-term care, saving for an emergency fund, and supporting oneself if disabled or too sick to work round out the top five concerns — year over year.

FIGURE 10: Financial Concerns*



**Percent saying "extremely" or "very" concerned.*

Financial Concerns by Generation

Understanding the varying levels of financial stress at different life stages for generations (Figure 11) is important for aiding and educating prospective life insurance buyers. The **Millennial** generation has the highest overall level of financial concern (39 percent). This concern almost certainly relates to life stages. At ages 27 to 42, Millennials are in the midst of their family-formation and career-development years. This places a lot of financial pressure on those with families and extended households.

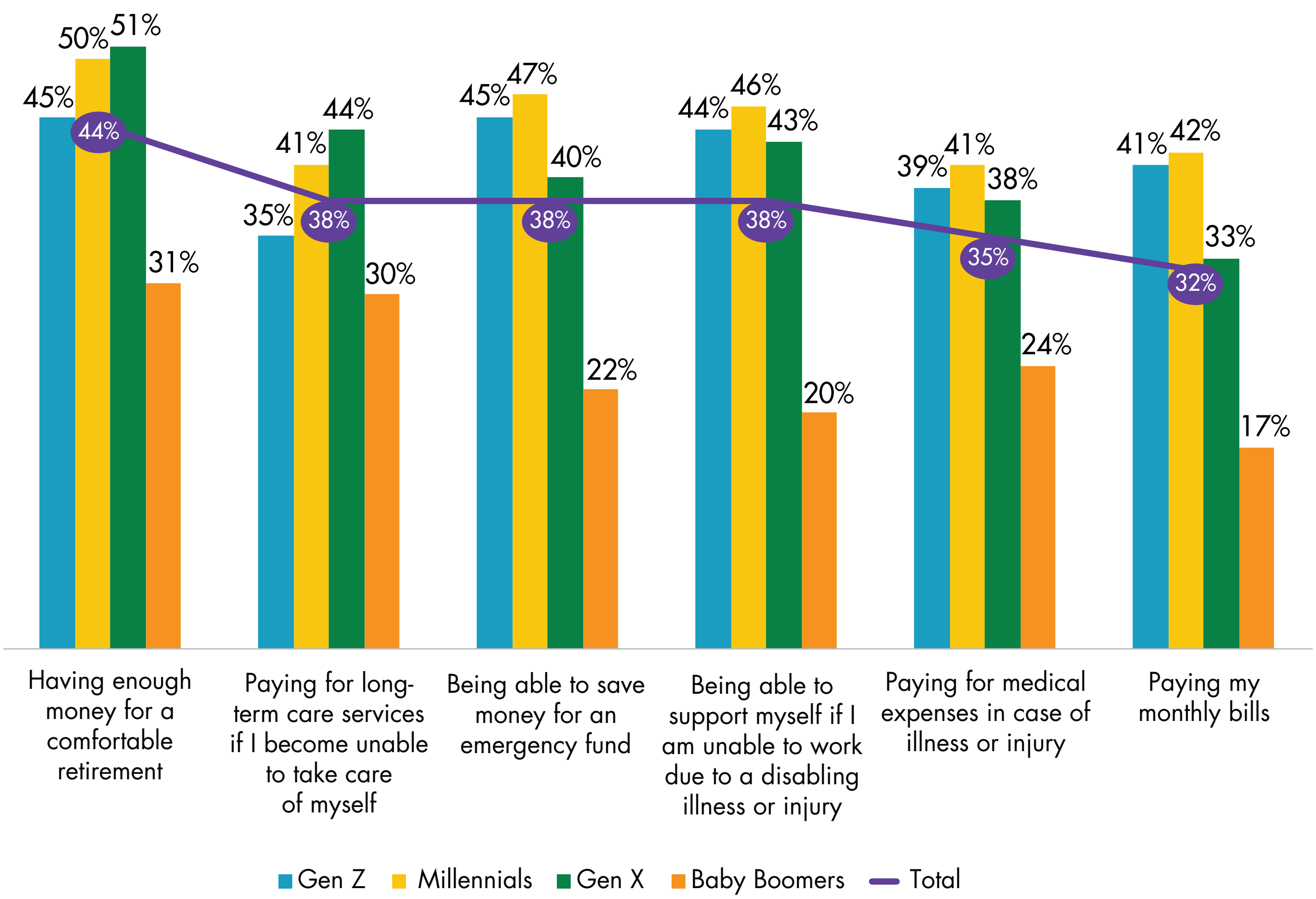
Millennials express the highest level of concern on 10 of the 15 specific financial matters in this study. Just one year ago, in 2022, Gen X was "most concerned" on 14 of the 15. A generational shift appears to be underway.

On average, older Americans express lower financial concerns. Just over a third of **Gen X** consumers, aged 43 – 58, express high financial concern. They have entered their prime income earning years, which appears to be relieving them of anxiety over many of these financial matters. This suggests they may be able to focus and act on their top financial priorities.

Retirement and health considerations loom large for the older segment of Gen X; concerns over disability related expenses, long-term care, and emergency savings are important. This suggests these consumers are likely to pay attention to messages that speak to these topics. Marketers of individual disability and long-term care insurance products can leverage this information, and life marketers can acknowledge the concern for emergency savings as a reason to consider permanent products with cash value features.

Baby Boomers have the lowest level of financial concern among these generations by a significant margin (17 percent), which relates to their overall financial status. Many Boomers have already retired, and many others are quickly approaching that milestone.

FIGURE 11: Financial Concerns by Generation*



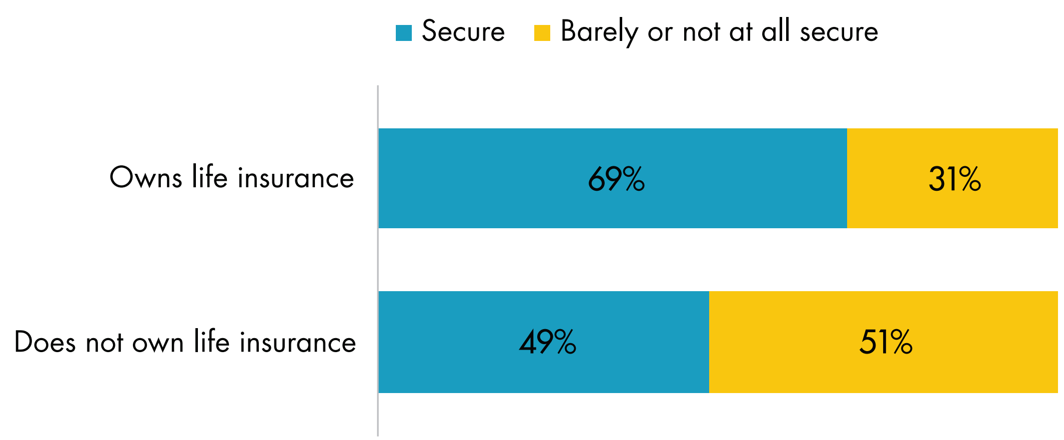
**Percent "extremely" or "very" concerned.*

Financial Security and Life Insurance

Financial insecurity, largely caused by the financial concerns above, pervades all demographic groups. However, there is one factor that significantly reduces financial insecurity: life insurance ownership.

Over two thirds (69 percent) of life insurance owners report that they feel financially secure compared to a statistically significant difference of 49 percent of non-owners (Figure 12). If consumers want to feel more secure, having life insurance can help them, as this finding shows. While entering into the shopping and purchase process can seem daunting for even the most informed consumer, convincing them that the secure feeling it will instill could be an effective tool to move them ahead in the process.

FIGURE 12: Financial Security by Life Insurance Ownership*



**Respondents with financial dependents.*

> *". . . changing demographics is both a highly productive and a highly dependable innovation opportunity."* — Peter Drucker

The Barometer series of reports provide a focus on diverse and sometimes underserved 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 in an effort to better understand opportunity.

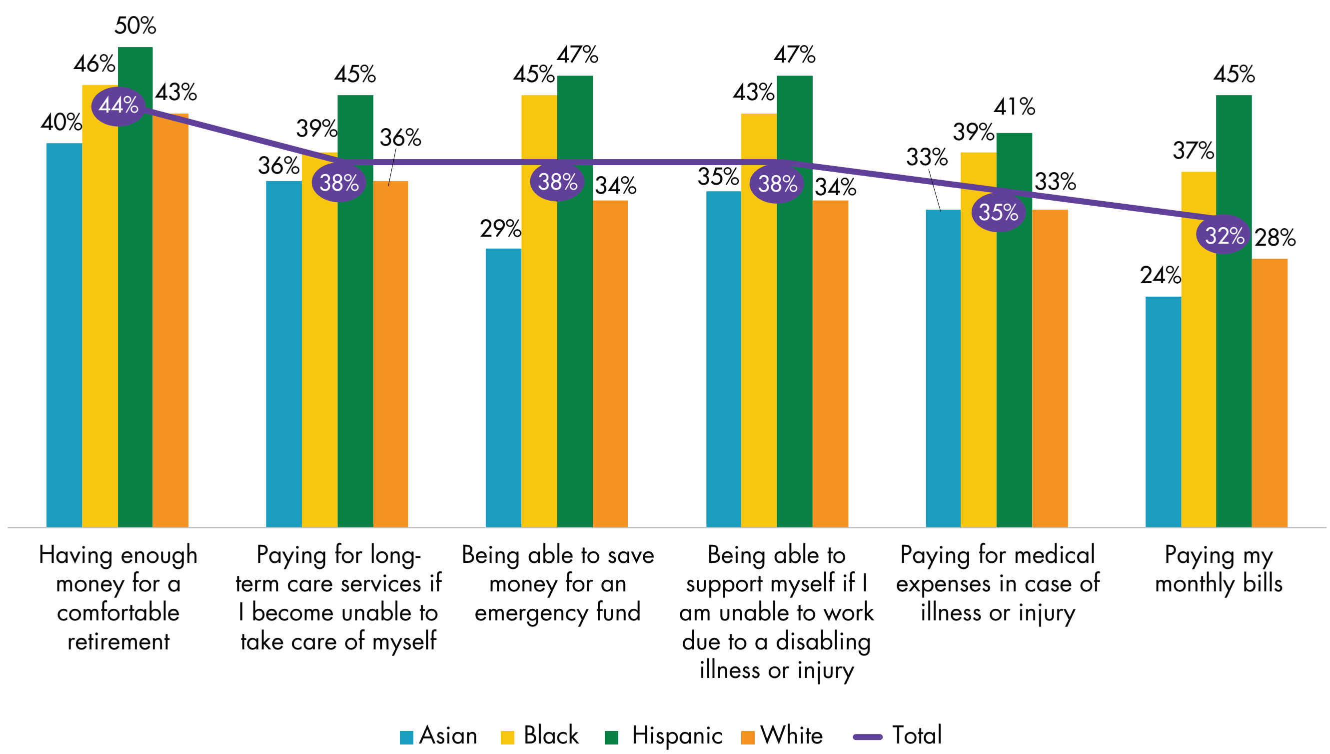
Financial Concerns: Similarities

All Americans share many of the same financial concerns (Figure 13).

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 half (50 percent) are "*extremely*" or "*very*" concerned, compared to 46 percent of Blacks, 40 percent of Asians, and 43 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.

Concerns over expenses associated with long-term care, being able to support oneself due to disability, and saving for emergency expenses are also a top five concern across all these segments. All three of these concerns rated for 38 percent of the entire sample of those surveyed.

FIGURE 13: Financial Concerns by Race/Ethnicity*



**Percent "extremely" or "very" concerned.*

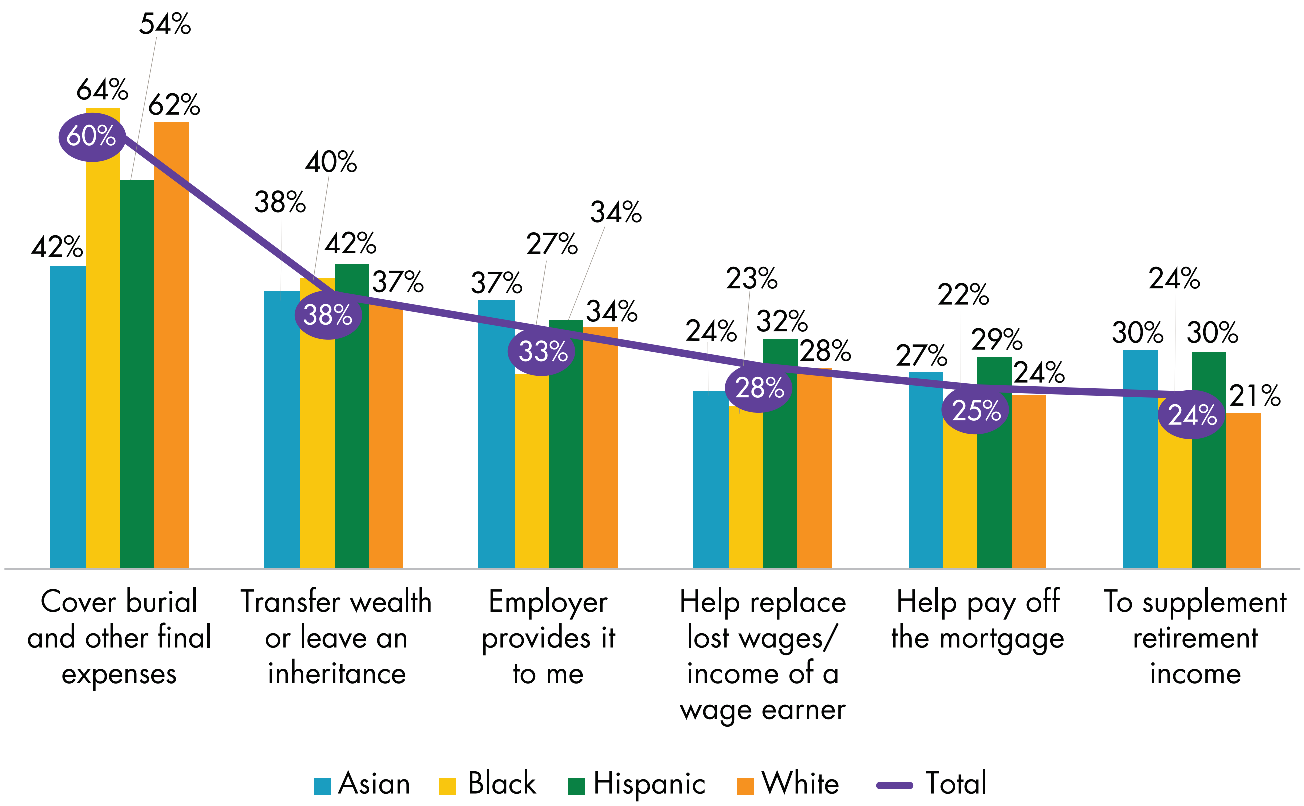
Distinguishing Concerns

The relatively high level of concern over *monthly bills* among Hispanic respondents (45 percent) suggests that 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. (More complete views of Barometer data can be found via a Tableau dashboard at limra.com, the annual technical supplement, and future Barometer publications.)

Reasons to Own Life Insurance

The *Insurance Barometer* data reveal both similarities and differences among Hispanic, Asian, Black, and White Americans when it comes to reasons to own life insurance. (Figure 14)

FIGURE 14: Reasons to Own Life Insurance by Race and Ethnicity*



**Percent answering "is a reason to own."*

In general, all Americans agree on what is most — and least — important to them about owning life insurance.

For several years of the Barometer Study, it has been clear that while it is still the top reason to own, Asians place far less importance on life insurance paying for final expenses than other groups. At the same time, Asians are more likely than others to think of life insurance as a way to supplement their retirement income.

While 2 in 3 (64 percent) Black Americans cite burial and final expenses as a reason to own life insurance, followed by transferring wealth or leaving an inheritance (40 percent). Black Americans have consistently cited final expenses more than other groups.

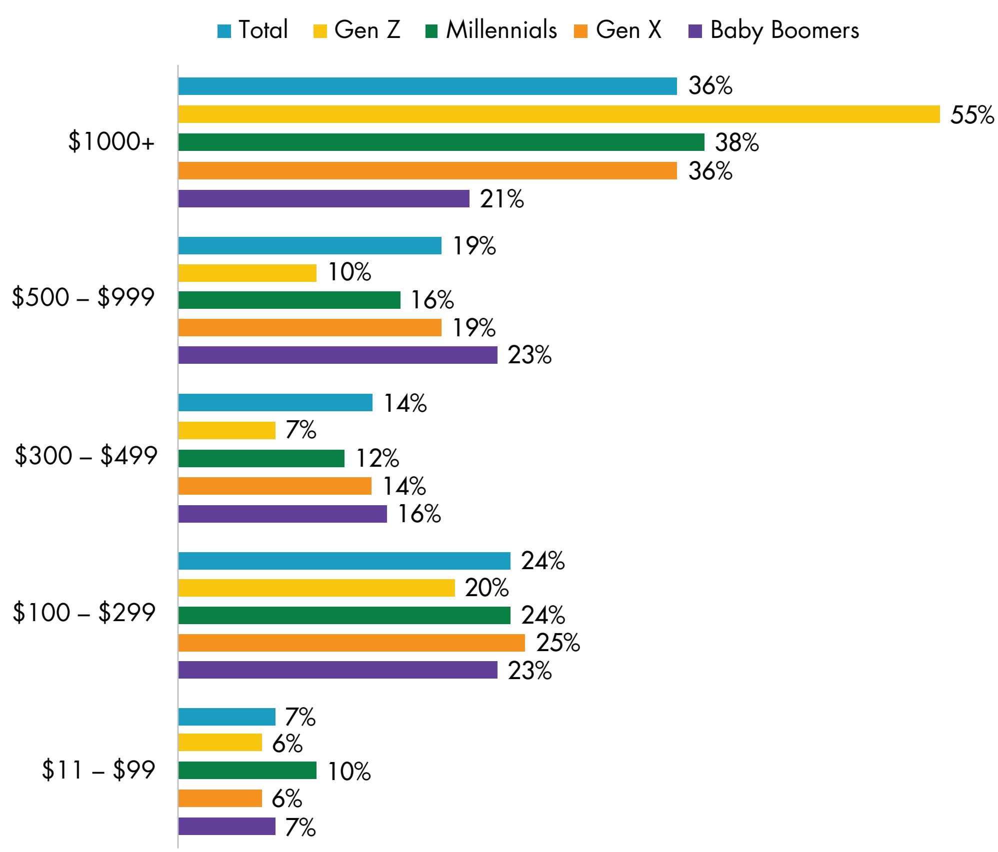
A challenge for the industry is to know when to leverage what are known to be attractive qualities about life insurance versus when to try to sell different product types based on what is perceived as a consumer's need. This issue will become something to invest time in as the industry moves ever more fully to digital sales and educational platforms.

Perceptions About Life Insurance

The cost of life insurance is difficult for many consumers of all ages and backgrounds to estimate (Figure 15), and the perceived expense is a commonly referenced rationale for not purchasing life insurance. In 2023, only a quarter (24 percent) of all respondents correctly estimated the cost of a 20-year $250,000, level-term life insurance policy for a healthy 30-year-old.

Over half (55 percent) of the respondents say the policy would be $500 per year or more. The average cost of such a policy is under $200 per year, suggesting more than half the population thinks term life insurance is three or more times more expensive than it is.

FIGURE 15: Estimated Cost of Term Insurance*



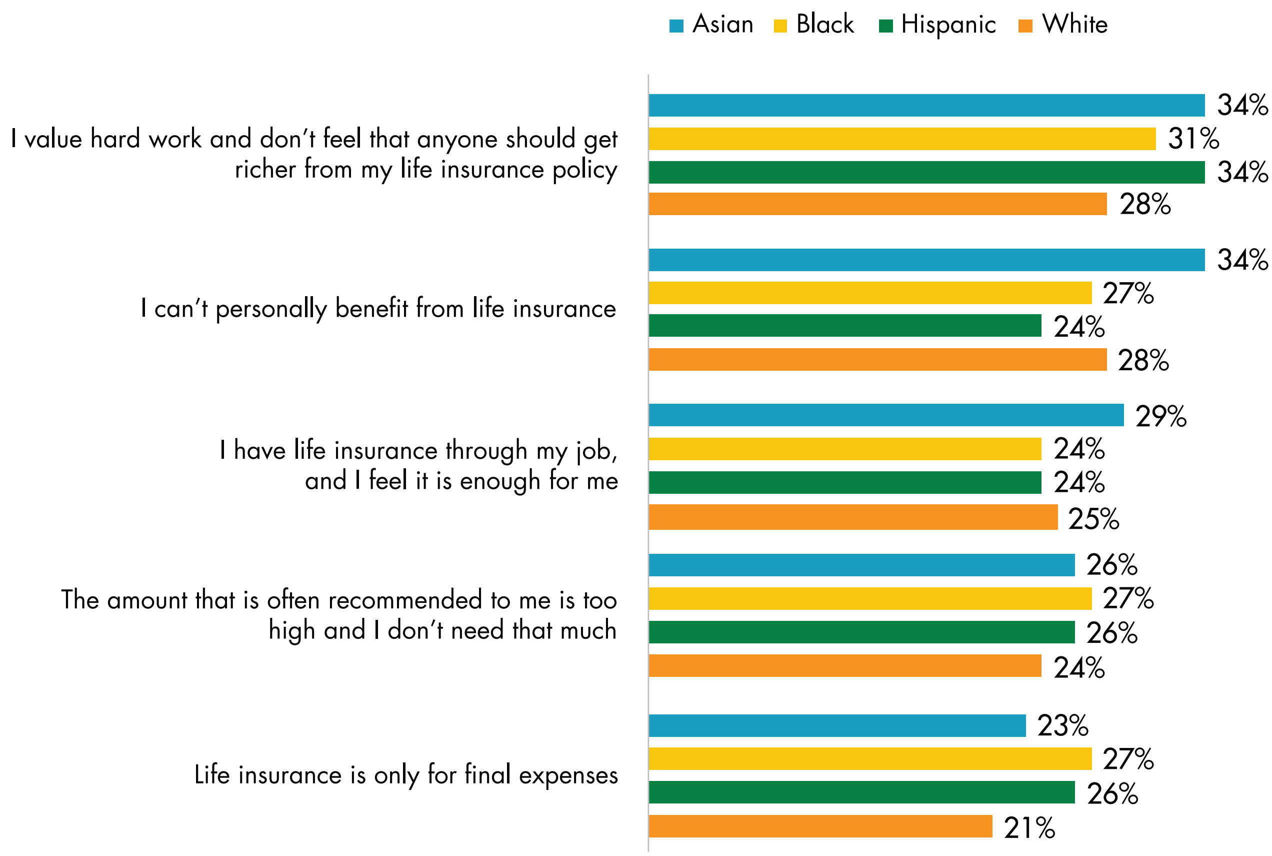
**Estimated yearly cost for a $250,000 20-year term-life policy for a healthy, nonsmoking 30-year old.*

Gen Z is driving some of the skewed perception here, as many have not entered the life insurance marketplace yet. The distribution across race, ethnicity, and gender yield no significant differences.

There are few other products that consumers overestimate by such a large margin, representing a major obstacle to overcome for the industry. Today's social media platforms and smartphone technology were not factors when the Barometer Study began. Today, however, it is clear that the industry must exploit the new digital world of consumerism and communication with methods that begin to convey the affordability of many types of policies.

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 "I value hard work and don't feel that anyone should get richer from my life insurance policy" and "I can't personally benefit from life insurance" versus other segments (Figure 16).

FIGURE 16: Perceptions About Life Insurance by Race and Ethnicity



Hispanics also have a slightly higher likelihood to say they value hard work and say they do not want to enrich others through a life insurance payout (34 percent). A third of Blacks and Asians report the same, while just over 1 in 4 Whites feel this way (28 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 consumers about 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.

When comparing these perceptions across generations, Gen Z and Millennials show a slightly higher propensity to agree with some of what the industry would consider misperceptions. There are several factors beyond just age to consider. In 1960, men's median age at first marriage was about 22.8, and women first married at a median age of 20.3.[5]

The most recent data show that for women, it is now 28.6 years, and for men, the median age of marriage is 30.4 years.[6] As a result, more women are having children at older ages than in the past. Marriage, having children, and starting businesses are common life events that drive life insurance sales. In the younger market, these rapidly changing dynamics are important to heed. Despite Gen Z claiming to be relatively knowledgeable about life insurance, their large overestimate of what a typical policy's annual premium would be for someone just a few years older than they tells a different story. This is likely a case of Gen Z and younger Millennials simply not knowing what they do not know — and it's up to the industry to provide the nudges to assist them.

Misconceptions and misperceptions have always existed within the life insurance market. Educating potential consumers to remove the barriers to purchase has always been a challenge for the industry. By understanding some of the thought processes of different consumer segments, financial professionals, life insurance agents, and increasingly life insurer website and smartphone app designers can better target and highlight certain product aspects in efforts to dispel some incorrect thinking.

Focus on Single Mothers

The Barometer Study often looks at different market segments year over year. In recent years, the sample size has increased to allow for unique views of smaller market segments. Demographic shifts and the changing face of the family are two areas where the industry needs focus to remain relevant.

We surveyed 637 self-identified single mothers in 2023 to gain a clearer picture of their attitudes and perceptions of life insurance. Today, 21 percent of U.S. children live primarily with a single mother, according to Census data.[7]

Today, 2 of 5 single mothers (41 percent) own life insurance compared to over half (52 percent) of the total U.S adult population. Furthermore, 59 percent of single mothers report having a life insurance need-gap (versus 41 percent of all Americans), representing about 5 million single-mother households.[8] This need-gap is more prominent among Gen X single mothers than for Millennials.

[5] *Marriage in the U.S.: Twenty-five Years of Change, 1995 – 2020*, BGSU, 2020 (accessed 04.03.23), https://www.bgsu.edu/ncfmr/resources/data/family-profiles/carlson-25-years-change-marriage-1995-2020-fp-20-29.html.

[6] *Historical Marital Status Tables. Table MS-2. Estimated Median Age at First Marriage, by Sex: 1890 to the Present,* United States Census Bureau, November 22, 2021.

[7] Single Mother Statistics, SMG (updated on February 2, 2023, accessed on April 3, 2023), https://singlemotherguide.com/single-mother-statistics/#:~:text=According%20to%202022%20U.S.%20Census,were%20headed%20by%20single%20mothers.&text=Of%20all%20single%2Dparent%20families,were%20born%20to%20unwed%20mothers.

[8] Ibid.

When presented with a list of options, single mothers are far more likely to cite more reasons for not owning life insurance (Table 3). The top reason for not having life insurance is the perceived expense at 46 percent (versus 42 percent for general population). It is worth noting, however, that single mothers are more likely to be within a realistic range when estimating a policy's annual premium (29 percent versus 24 percent of the general population).

The top reason single mothers have for owning life insurance is to cover final expenses at a rate of 63 percent compared to 60 percent for the general population.

TABLE 3: Reasons to Not Own Life Insurance, Single Mothers

Reasons to Not Own Life Insurance	Single Mothers	U.S. Adults 18 – 75
Too expensive	46%	42%
Other financial priorities	31%	28%
Not sure how much or what type to get	28%	23%
Haven't gotten around to it	24%	23%
Don't like thinking about death	20%	14%

Single mothers often, but not always, live in single income households. They have other pressing financial priorities and feel life insurance is too expensive, but neither reason's level of concern is too far off from the general population. Focusing on the other top reasons — lack of product knowledge, procrastination, and discomfort discussing death — paint a picture of a market that is mostly seeking life insurance solutions on their own time.

It is important to note that while data show that this group typically has lower household incomes, single mothers are often the sole providers for their children. They focus most on financially protecting their children above other reasons for life insurance ownership, and appear to be more willing, if able, to do so with protective financial products.

Single mothers are less likely to be working with a financial advisor, as 35 percent say they currently have one compared to 41 percent for all U.S. adults. However, 52 percent of those who are not working with a financial advisor say they are looking for one. This implies that single mothers may be more open to connecting with agents than many realize.

Additionally, the percentage of single mothers who self-report that they are "very" or "extremely" knowledgeable about life insurance is identical to that of the general population (27 percent). This suggests a certain confidence that some feel is necessary when making sometimes difficult financial decisions.

Anyone seeking to work with single mothers will face some challenges: notably, other financial concerns competing for wallet share. Data suggest that single mothers have increased levels of concern over financial issues. The highest level of concern is for having enough money to be comfortable in retirement at 58 percent versus 44 percent for all U.S. adults. But in every category, single mothers express a heightened sense of concern, sometimes at nearly double the rate of the general population (Table 4).

TABLE 4: Financial Concerns of Single Mothers

Financial Concern	% Extremely or Very Concerned	
	Single Mothers	U.S. Adults 18 – 75
Having enough money for a comfortable retirement	58%	44%
Being able to save money for an emergency fund	56%	38%
Being able to support myself if I am unable to work due to a disabling illness or injury	54%	38%
Leaving dependents in a difficult financial situation should I die prematurely	51%	29%
Paying my monthly bills	50%	32%
Paying for long-term care services if I become unable to take care of myself	49%	38%
Burdening others with my burial/funeral expenses	48%	29%
Job security/maintaining a steady income	43%	30%
Paying my mortgage or rent	42%	27%
Paying for medical expenses in case of illness or injury	42%	35%
Paying for a child's schooling/college	40%	22%

As we focus on this growing and diverse single-mother market, it is important to understand how to serve it best. Data suggest that single mothers are more likely to make use of social media in relation to financial information, at a rate of 62 percent versus 52 percent of the general population. Seventy-one percent of single mothers who utilize social media to learn about financial products turn to Facebook, compared to 61 percent of total U.S. adult population.

Regarding online life insurance shopping and purchase, there is a perception that purchasing life insurance online will be less expensive. Single mothers are more attracted to policies that are potentially bundled with other financial products and/or policies that offer financial incentives for healthy lifestyle and purchase decisions. More than other demographic groups the Barometer Study analyzes, single mothers are looking for distribution channels and policy types that can potentially provide discounts — or perceived discounts.

The picture of our sample's single mothers is a diverse group of women who view life insurance largely as final expense policies that are too expensive. But given that half (51 percent) of single mothers are concerned about leaving dependents in a difficult financial situation if they died, it makes sense to educate them about how life insurance works beyond addressing final expenses — that, in fact, it is an affordable way to ensure their children are protected financially. Single mothers are utilizing social media for financial reasons more than average, and are especially drawn to Facebook for financial product education and discussion. Single mothers are open to online shopping, not only for convenience, but because many believe policies may be cheaper when purchased online.

With rapidly changing demographics in America, along with changing household structures and working arrangements, single mothers will likely become a larger percentage of American parents. For the industry, it is a matter of reaching out to them, building trust, educating them on product types, and maintaining that relationship as they age.

What We Can Do

Life insurance is a unique product. It can be confusing, daunting, and difficult, as it involves end-of-life discussions. Yet the large majority of Americans say that they have a need for it. Many who don't own — or wish to own more — coverage will say they plan to obtain it in the near future. Yet, too many don't follow through.

The COVID-19 pandemic raised awareness of life insurance and sales increased as a result. That has cooled off a bit, but the industry can remain top of mind when it comes to protecting families. The pandemic forced a seismic shift towards online shopping and purchasing for all types of goods and services.

Year after year, consumers greatly overestimate the cost of life insurance and cite perceived expense as the biggest barrier to purchase. The ability to capture and efficiently educate a potential Millennial or Gen Z life insurance buyer in the new online ecosystem will likely be a differentiator over the next decade or more. The 2023 Barometer series will explore these concepts in future reports.

By acknowledging the different needs and concerns of different demographic groups, those working with potential clients can build trust. As traditional families are redefined and racial and ethnic backgrounds meld and change, all marketing and selling efforts must adapt or be left behind. More women are heads of household, and closing the life insurance gender gap is a potential priority for the industry.

The 2023 Insurance Barometer Series

The Future of Life Insurance

Retirement Preparedness and Financial Security

Insurance Barometer Technical Supplement

Methodology

The Insurance Barometer is an annual study that tracks the perceptions, attitudes, and behaviors of adults aged 18 – 75 in the United States who are at least partly responsible for financial decision making in their households.

The findings are available in a series of publications throughout 2023.

In January 2023, LIMRA and Life Happens engaged an online panel to survey adult consumers who are financial decision makers in their households. The survey generated 8,183 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.
- Respondents self-identified as Hispanic may also be members of any race (e.g., White, Black, Asian) whereas self-identified White, Black, and Asian respondents are of that race only.
- Respondents include retired and unemployed adults.
- Several survey-question-response choices were collapsed in 2023, rendering trending and comparisons to previous years difficult.

TABLE 5: U.S. Population and Survey Sample, by Generation

Generation	Ages in 2023	U.S. Population Size (millions)[9]	Sample Size (weighted)	Percent of sample
Gen Z (1997 – 2012)	18 to 26	38.6	792	10%
Millennials (1981 – 1996)	27 to 42	72.19	2,663	32%
Generation X (1965 – 1980)	43 to 58	65.8	2,310	28%
Baby Boomers (1946 – 1964)	59 to 75	70.23	2,418	30%
Total	18 to 75	247	8,183	100%

**Full generation not eligible for survey.*
Source: https://www.statista.com/statistics/797321/us-population-by-generation.

[9] U.S. Census Bureau, Population Division, ibid.

Related Research

2021 Insurance Barometer Series. LIMRA and Life Happens. 2021 Insurance Barometer Study, limra.com.

2022 Insurance Barometer Series. LIMRA and Life Happens.
https://www.limra.com/en/research/research-abstracts-public/2022/2022-insurance-barometer-study/.

2023 Insurance Barometer Series. LIMRA and Life Happens.
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2022 Purchase Funnel Series. LIMRA.
https://www.limra.com/en/research/research-abstracts/2022/the-purchase-funnel/.

The LIMRA Benefits and Employee Attitude Tracker Series.
https://www.limra.com/en/research/research-abstracts/2022/2022-beat-study-benefits-and-employee-attitude-tracker/.

Life Happens has a wide range of consumer-education information on lifehappens.org and resources for companies and producers at lifehappenspro.org.

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