*Full Report*


# 2014 Insurance Barometer Study

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# Overview

The Insurance Barometer is an annual trending study tracking the perceptions, attitudes, and behaviors of consumers in the United States. Now in its fourth year, the study seeks to understand consumers' financial concerns and how they think and act with regards to financial products, with a particular focus on life insurance.

New issues addressed in 2014 include consumers' likelihood to recommend life insurance, their perception of ownership, how quickly they'd feel the financial impact upon the loss of the primary wage earner, and financial priorities keeping them from purchasing life insurance. The study also explores how many consumers have a financial advisor or agent, when and why they last had contact, and how they prefer to communicate with them.

Most of the results from this year are consistent with the previous Barometer studies.
Additional trend data, including results by year and demographic segments, are included in a supplemental report.

## Key Findings

- Being able to afford a comfortable retirement continues to be the most common financial worry among consumers. This is particularly true of younger Americans, who are expected to live longer while more of the retirement savings burden is pushed on to the consumer.
- One in 4 Americans say they need more life insurance, but only 10 percent are very likely to purchase a policy within the next year. Most note that it's too expensive; however, they often overestimate the cost, especially younger consumers who typically pay less.
- People want to make sure that they understand what they're buying and that they're getting the right amount of life insurance coverage for the right price. Few are interested in extra policy features, so limiting them may help consumers understand and compare products.
- While 80 percent of adults believe that most people need life insurance, only 1 in 5 people are very likely to recommend it. This is unfortunate, as half of Americans believe they would feel the financial impact from the loss of the primary wage earner within six months.
- Most people still prefer to purchase life insurance face-to-face with a financial advisor or agent, but 1 in 4 under the age of 45 say their preference is to apply for it online. The majority overall say they would use the Internet to *research* life insurance, including three quarters of seniors.
- Just under a third of adults have a financial advisor or agent. Most have had contact with them within the past three months. Customers were a bit more likely to initiate contact, especially younger ones, perhaps because they have less experience with financial products and were less likely to have an established relationship with a financial advisor or agent.

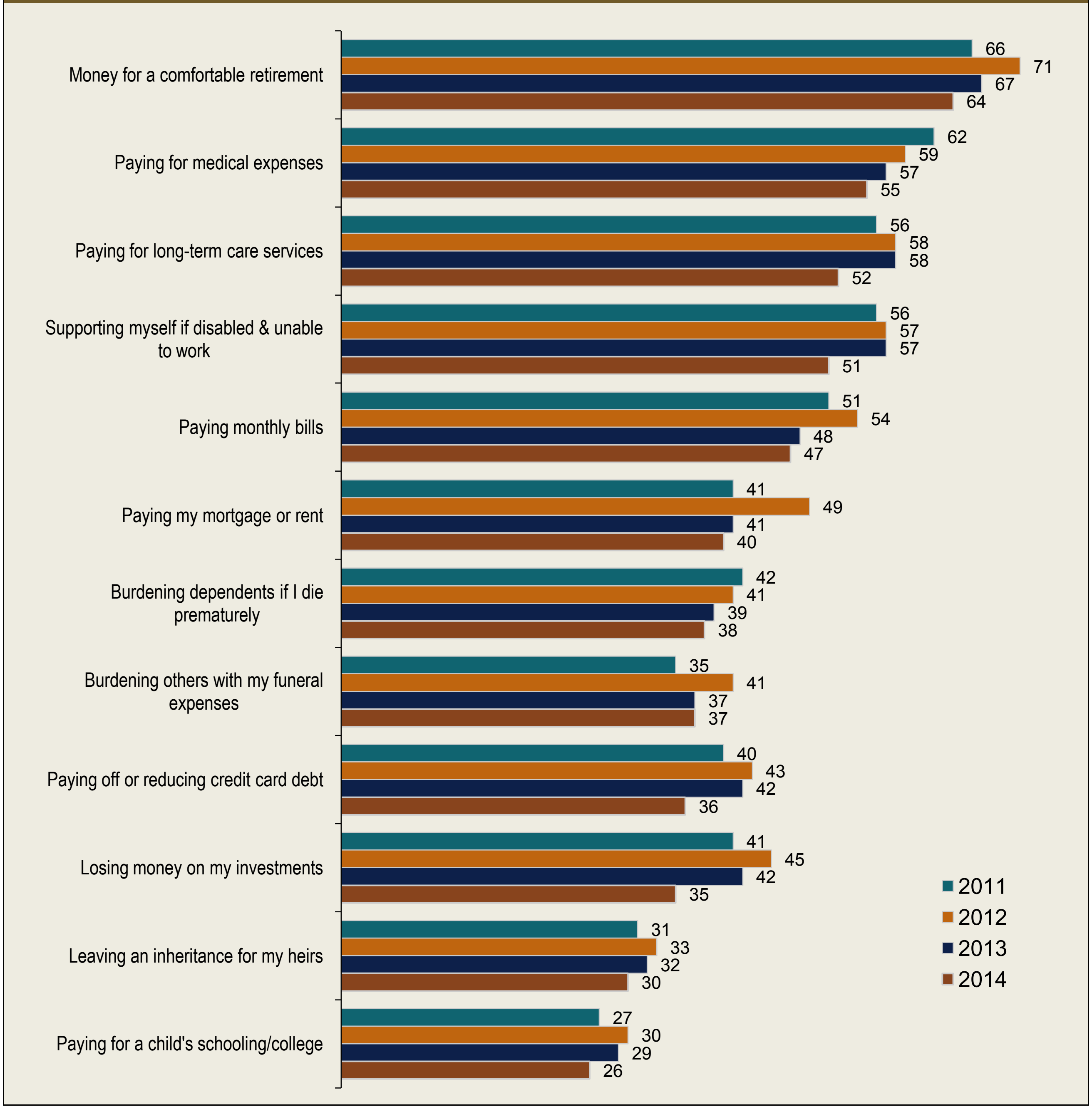
**METHODOLOGY** LIMRA employed an online panel to survey consumers on insurance and financial topics in January 2014. Responses were received from 2,047 individuals. The data were weighted by age, gender, education, race, region, and income to be representative of the general population. A propensity score adjustment was added to correct for biases inherent in Internet panels. The margin of error in this study is ±3 percentage points.

# Financial Concerns

## Overall Financial Concerns

While fairly consistent, American concerns over most financial issues were lower in 2014 than they were in previous years (Figure 1).

**Figure 1 —**
**Consumer Concern Over Financial Issues by Year**
*Percentage concerned, very concerned, or extremely concerned*



The small decline in concern may be related to the overall improvement of the economy and increase in consumer confidence over the past few years. Confidence had fallen considerably during the Great Recession, but has been on the rise since and is expected to continue to increase over the next few years.[1]

That said, concerns remain widespread and companies, agents, and financial advisors may want to stress how insurance products can help alleviate many of them.

For instance, half of Americans are concerned with their ability to pay for long-term care services and half are concerned with supporting themselves in the event that they become disabled. In fact, these have been among consumers' top five financial concerns over the past few years. Long-term care and disability insurance can directly lessen these risks.

Over a third of Americans are concerned with leaving dependents in a difficult financial situation should they pass away prematurely, and over a third are concerned with leaving others to pay for their funeral expenses. Life insurance can help ease or eliminate these concerns for buyers.

And while most consumers are likely aware that life insurance will help cover lost income and final expenses, companies may want to raise the emphasis on the living benefits of life insurance. Enhancement of retirement benefits may also help. While many say they bought life insurance to supplement their retirement income, ownership doesn't seem to change people's concerns over having enough for retirement.

[1]Moody's forecast of economic variables, March 2014.

## Financial Concerns by Demographic Groups

Typically financial concern levels increase as income levels decrease, although the affluent are more concerned about losing money on their investments, most likely because they have more to invest.

For the fourth year in a row, being able to afford a comfortable retirement was the most common financial worry overall. Increasingly helping meet people's retirement needs could spark interest from all types of consumers as this is a top concern across all age and income levels (Table 1).

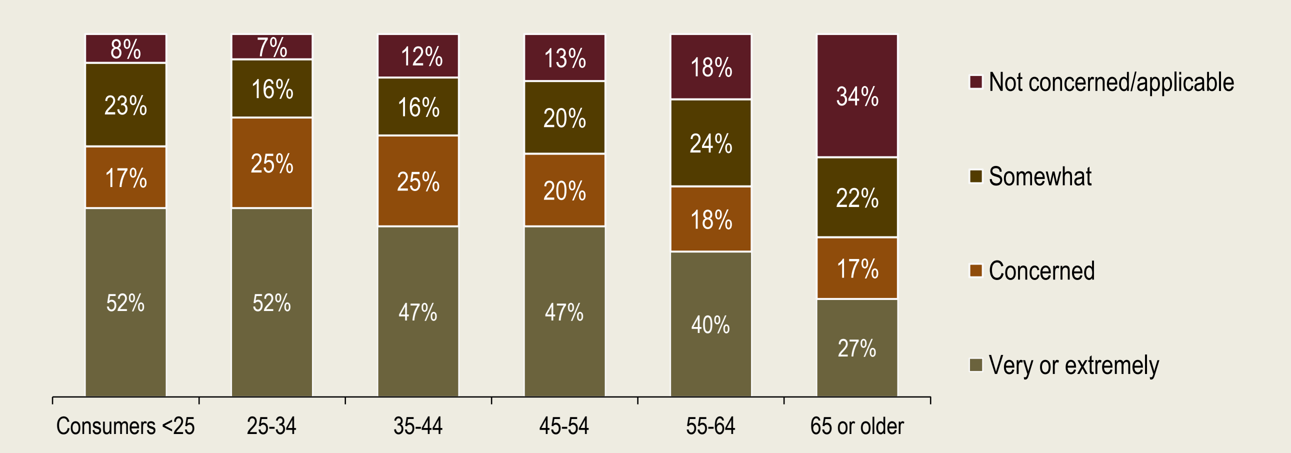
**Table 1 —**
**Level of Financial Concern by Gender, Age, and Income**
***Percentage concerned, very concerned, or extremely concerned***

| | Gender | | Age | | | | Household Income | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | <25 | 25–44 | 45–64 | 65+ | <$50K | $50K–$99.9K | $100K+ |
| Money for a comfortable retirement | 62% | 67% | 69% | 74% | 62% | 44% | 68% | 65% | 57% |
| Paying for medical expenses | 51 | 59 | 72 | 60 | 53 | 39 | 63 | 51 | 46 |
| Paying for long-term care services | 47 | 56 | 44 | 51 | 56 | 46 | 58 | 50 | 44 |
| Supporting myself if disabled & unable to work | 49 | 52 | 63 | 65 | 48 | 16 | 56 | 51 | 41 |
| Paying monthly bills | 44 | 51 | 74 | 56 | 43 | 26 | 63 | 42 | 30 |
| Paying my mortgage or rent | 38 | 42 | 70 | 49 | 34 | 21 | 49 | 39 | 27 |
| Burdening dependents if I die prematurely | 39 | 37 | 46 | 48 | 34 | 20 | 42 | 38 | 32 |
| Burdening others with my funeral expenses | 34 | 40 | 52 | 41 | 35 | 25 | 46 | 32 | 28 |
| Paying off or reducing credit card debt | 34 | 38 | 43 | 46 | 31 | 22 | 40 | 37 | 28 |
| Losing money on my investments | 38 | 32 | 41 | 37 | 34 | 31 | 28 | 36 | 43 |
| Leaving an inheritance for my heirs | 30 | 31 | 39 | 36 | 26 | 24 | 31 | 29 | 28 |
| Paying for a child's schooling/college | 24 | 27 | 47 | 42 | 16 | 4 | 23 | 27 | 27 |

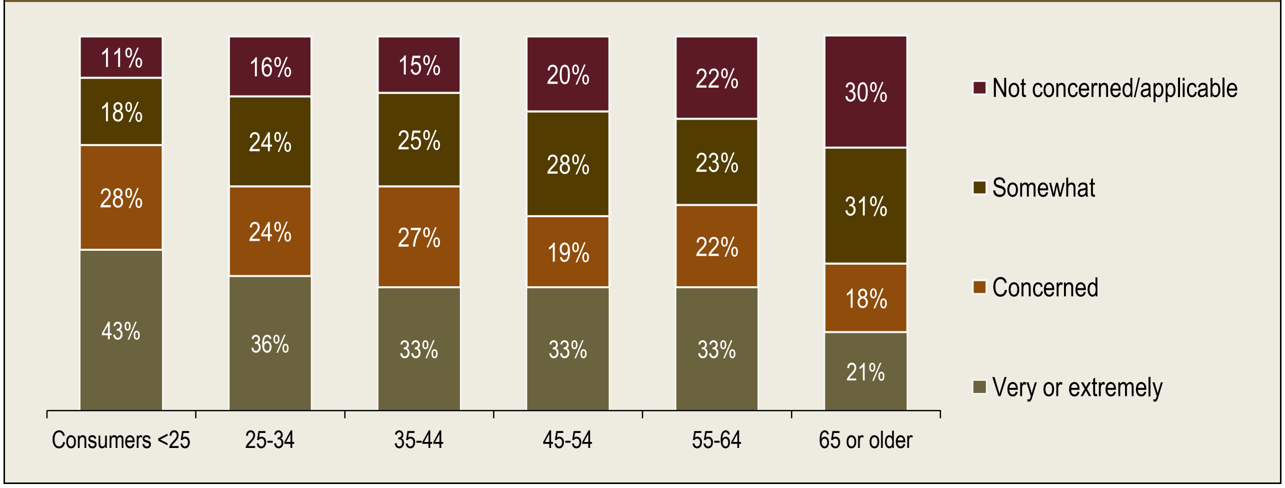
This is particularly true of younger Americans (Figure 2), which isn't too surprising with the uncertainty surrounding the future of Social Security and more of the retirement savings burden being pushed on to the consumer. On top of this, people are living longer and have a greater risk of outliving their savings.

**Figure 2 —**
**Level of Concern over Having Funds for a Comfortable Retirement by Age**




People in younger age groups are also increasingly concerned about medical expenses (Figure 3), especially those under 25, a group whose worry over such costs has grown over the last couple of years. Younger consumers may be more anxious about continued rising health care costs and what programs and funds (such as Medicare and Medicaid) will be available to them if and when they need them. Although they may now be covered by a parent's plan through age 26, like all consumers they are now required to purchase health insurance if they are not already covered (something they may have forewent in the past because they tend to be healthy).

**Figure 3 —**
**Level of Concern over Being Able to Afford Medical Expenses by Age**



In fact, concern tends to increase among younger people (and of course those in lower income brackets) when it comes to most financial issues, even when it comes to burdening others with their burial and funeral expenses.

Although, when it comes to fiscal issues people say they *aren't* concerned with, the highest portion say final expenses (Table 2). But life insurance may be helping in that arena. More than 4 in 10 life insurance owners say they are *not* concerned about troubling loved ones with funeral expenses, compared with just a quarter of those without life insurance. With regards to financial concern levels, this was the biggest difference between those with life insurance and those without.

**Table 2 —**
**Level of Financial Concern by Life Insurance Ownership**
***Percentage NOT concerned***

| | | By Life Ownership | |
|---|---|---|---|
| | Total | Own | Don't Own |
| Burdening others with my funeral expenses | 36% | 43% | 26% |
| Leaving an inheritance for my heirs | 32 | 35 | 27 |
| Paying monthly bills | 30 | 36 | 23 |
| Paying off or reducing credit card debt | 29 | 32 | 26 |
| Paying my mortgage or rent | 27 | 32 | 22 |
| Burdening dependents if I die prematurely | 26 | 30 | 20 |
| Paying for long-term care services | 17 | 18 | 16 |
| Supporting myself if disabled & unable to work | 17 | 20 | 15 |
| Paying for medical expenses | 16 | 19 | 12 |
| Losing money on my investments | 15 | 15 | 14 |
| Paying for a child's schooling/college | 14 | 15 | 12 |
| Money for a comfortable retirement | 12 | 13 | 10 |

# Consumer Outlook on Life Insurance

## Sentiment Toward Need

Knowing what people feel they need can be a key step in helping companies develop plans to reach consumers. And about 65 percent agree that they personally need life insurance. What's more, about as many say the coverage they receive from their employer is not enough.

*"One in 4 Americans say they need more life insurance."*

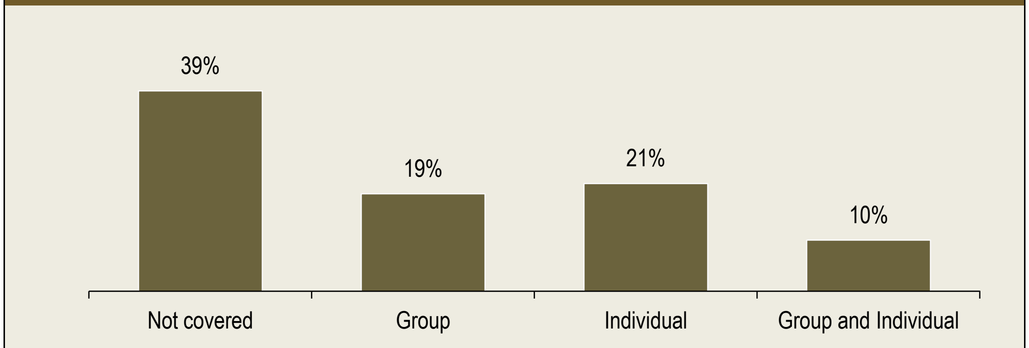
In fact, over a quarter of consumers believe they have an inadequate amount of life insurance coverage; a sentiment felt even stronger among women, as well as younger and lower income Americans (Table 3).

**Table 3 —**
**Life Insurance Coverage Sentiment by Gender, Age, and Income**

| | | Gender | | Age | | | | Household Income | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **Male** | **Female** | **<25** | **25–44** | **45–64** | **65+** | **<50K** | **50-99.9K** | **100K+** |
| I have more than enough | 11% | 12% | 9% | 10% | 10% | 11% | 11% | 8% | 11% | 15% |
| I have about the right amount | 43 | 50 | 36 | 32 | 42 | 44 | 48 | 33 | 47 | 56 |
| **I do not have enough** | **27** | **22** | **32** | **33** | **31** | **26** | **18** | **37** | **24** | **15** |
| I do not need any | 10 | 9 | 11 | 14 | 6 | 10 | 19 | 12 | 9 | 9 |
| I don't know | 9 | 7 | 12 | 11 | 11 | 9 | 4 | 10 | 9 | 5 |

This includes 1 in 5 people who solely purchased individual life insurance (Figure 4), even though they tend to own more coverage than those only covered by group insurance from their employer.[2]

**Figure 4 —**
**Adults Who Say They Need More Life Insurance by Ownership**



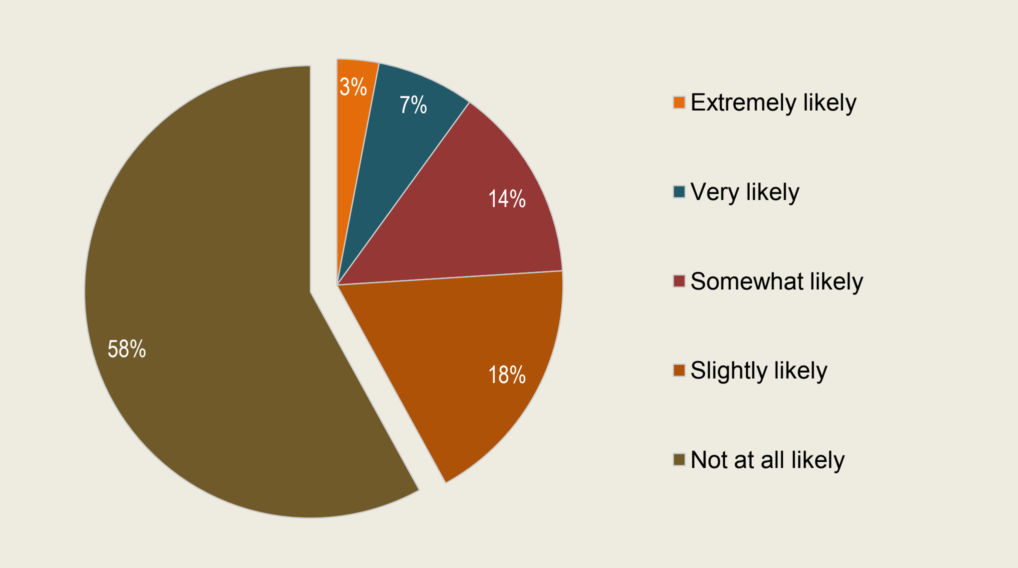

[2] *Person-Level Trends in U.S. Life Insurance Ownership*, LIMRA, 2011, page 15.

In addition, a third of people wish their spouse or partner would purchase some or more life insurance (including a quarter of men and 40 percent of women).

### Likelihood of Purchase

Despite the stated need, few say they are very or extremely likely to purchase life insurance within the next year (Figure 5). A bit more encouraging are the third of consumers who say they are somewhat or slightly likely to buy.

**Figure 5 —**
**Likelihood of Purchasing Life Insurance in the Next Year**




Most commonly, actual shoppers cite life events (such as buying a new home or having a child) as the "trigger" that got them started.[3] This is particularly true of younger consumers, a group more likely to say they will be in the market for life insurance this year. As they get older, consumers are more likely to begin shopping as a result of their own planning, advertising, or a financial advisor or agent contacting them. So it's important to understand what's on people's minds.

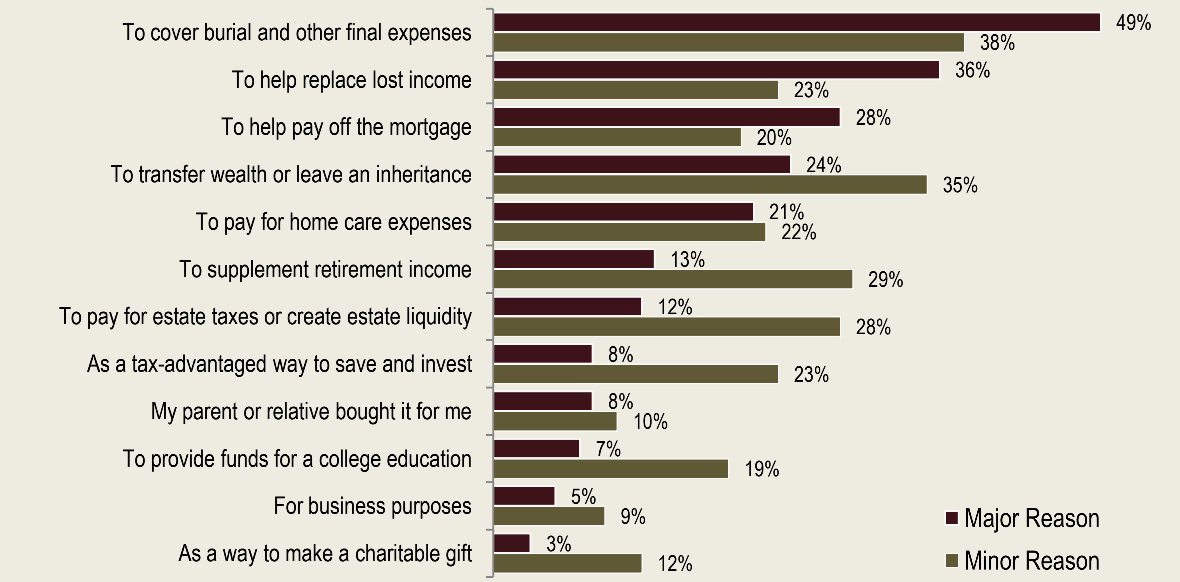
### Reasons for Purchase

Most often, owners say they bought life insurance to make sure their beneficiaries are taken care of financially and to ensure their burial and final expenses are covered (Figure 6).

In fact, the reasons for purchasing life insurance, and the commonality of those reasons, have remained virtually unchanged over the past few years. And it's unlikely they will change anytime soon, so companies should appropriately highlight life insurance as a solution to these needs.

[3] *To Shop or Not to Shop for Life Insurance: Turning Shoppers Into Buyers*, LIMRA, 2011, page 10.

Figure 6 —
Reasons for Owning Life Insurance




## Desired Features

In general, when purchasing life insurance people want to make sure that they understand what they are buying and that they are getting the right amount of coverage for the right price (Table 4).

Younger consumers are more concerned with getting guaranteed coverage for life while seniors are a bit more likely to prefer a fixed price over the best price. Overall however, few seem to be interested in extra policy features, a general opinion consistent with the past few years. In fact, these may cause more confusion for shoppers making them less likely to buy. Companies may want to consider this when designing and marketing products. Limiting features to those that fulfill people's most common needs may help make value more clear and products easier to understand and compare.

Table 4 —
Importance of Life Insurance Purchase Factors (Weighted by Rank) by Age
*Weight Based on Consumers' Top Three Rankings**

| | | Age | | | |
|---|---|---|---|---|---|
| | Total | <25 | 25–44 | 45–64 | 65+ |
| Getting the proper amount of coverage | 1.34 | 1.07 | 1.29 | 1.42 | 1.37 |
| Being certain I understand what I am buying | 1.28 | 1.07 | 1.26 | 1.24 | 1.48 |
| Getting the best price | 1.22 | 1.28 | 1.29 | 1.17 | 0.98 |
| Getting a fixed price that can never go up | 1.04 | 0.75 | 0.98 | 1.12 | 1.15 |
| Getting coverage that is guaranteed for life | 0.98 | 1.41 | 0.99 | 0.94 | 0.96 |
| Getting extra features on the policy | 0.14 | 0.42 | 0.18 | 0.10 | 0.06 |

*Higher numbers indicate higher importance

# Barriers to Purchasing Life Insurance

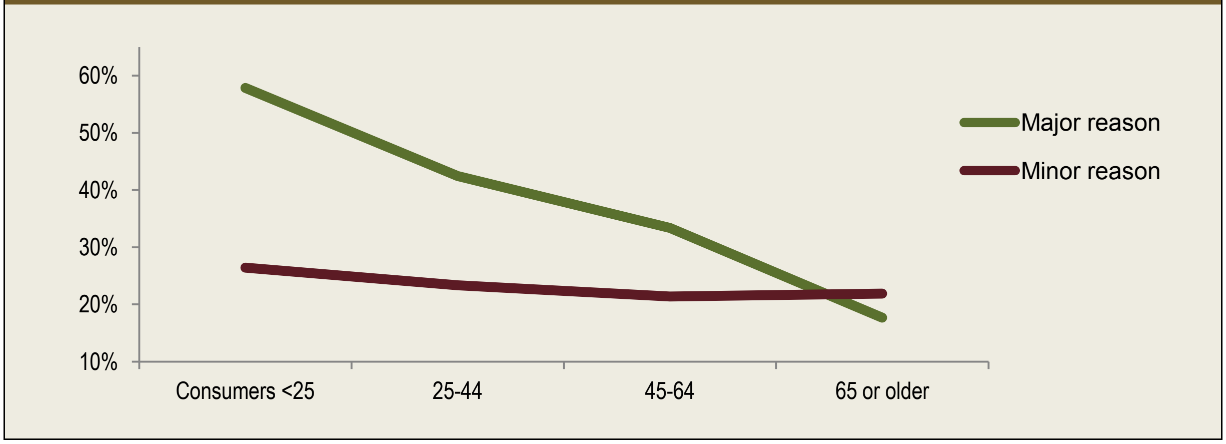
If life insurance can help meet many of the financial needs of consumers, what's stopping more of them from buying? Similar to the past few years, perceived expense topped the list, but nearly as many potential buyers say it's because they have other financial priorities (Table 5).

**Table 5 — Reasons for Not Purchasing Some or More Life Insurance**

| | |
|---|---|
| It is too expensive | 63% |
| I have other financial priorities right now | 59 |
| I have as much as I need/I don't feel I need any | 57 |
| I do not trust insurance companies | 38 |
| I do not trust insurance agents | 37 |
| I'm not sure how much I need or what type to buy | 37 |
| I just haven't gotten around to it | 30 |
| I don't like thinking about death | 30 |
| No one has approached me about it | 24 |
| I would not qualify for coverage | 19 |

This is a particular issue for younger Americans (Figure 7) who generally make less and have less savings. In fact, all of the above reasons for not having some or more life insurance are more prevalent among younger consumers, except they are less likely to feel they don't need any or any more coverage.

**Figure 7 — Consumers with Other Financial Priorities Keeping them from Purchasing Life Insurance by Age**



In general, required living expenses (such as rent, groceries, and electricity) are the most common financials to take precedence over life insurance (Table 6). Consumers under the age of 25 are about as likely to consider additional expenses (such as Internet and cell phone bills) as barriers.

These are hard priorities to beat, but highlighting the savings aspect of life insurance may help consumers see it more as a vehicle to help with some of their other financial priorities.

**Table 6 —**
**Financial Priorities Keeping Consumers from Buying Some or More Life Insurance**

| | | Age | | | |
|---|---|---|---|---|---|
| | Total | <25 | 25–44 | 45–64 | 65+ |
| Required cost of living expenses (mortgage, groceries, electric bill, etc.) | 69% | 67% | 72% | 68% | 67% |
| Additional living expenses (Internet, cable, cell phone(s), etc.) | 52 | 64 | 52 | 51 | 44 |
| Managing accumulated debt (credit card, other loans, etc.) | 40 | 33 | 45 | 40 | 27 |
| Building savings account(s) or emergency fund(s) | 36 | 39 | 41 | 30 | 34 |
| Saving for retirement | 32 | 31 | 32 | 34 | 21 |
| Health expenses | 26 | 18 | 24 | 29 | 29 |
| Saving or paying for college or student loans | 19 | 54 | 23 | 12 | 1 |
| Day-to-day recreational activities (going out to eat, movies, shopping, etc.) | 19 | 38 | 26 | 9 | 9 |
| Saving or paying for a new car, boat, or second home | 18 | 34 | 20 | 15 | 12 |
| Vacation(s) | 12 | 23 | 14 | 7 | 7 |
| Other | 14 | 4 | 12 | 17 | 24 |

# Life Insurance Awareness

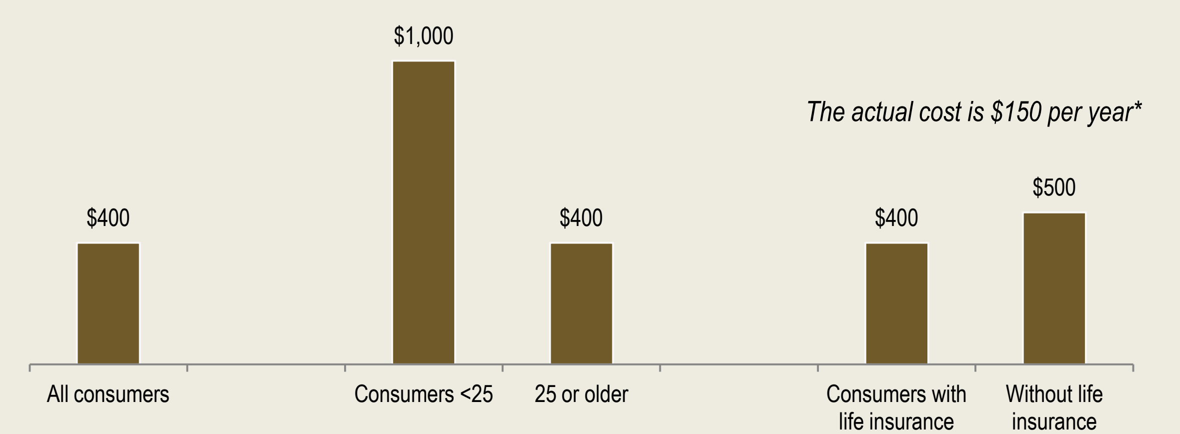
## Estimated Cost

Three quarters of Barometer survey respondents feel they have a good understanding of life insurance, but they may need more help than they think.

For instance, while 2 out of 3 consumers say life insurance is too expensive to purchase, people tend to overestimate the cost (Figure 8). In fact, a quarter of respondents thought the price for a $250,000 term policy (that would cost $150 per year) would cost at least $1,000 annually.

Overall, more than 80 percent of people overestimated the cost, which has been the case over the past few years. So getting the affordability message out to potential buyers, particularly younger people who often pay less (but are most likely to overestimate the price) may help boost interest and sales.

**Figure 8 —**
**Median Estimated Yearly Cost for a $250,000 Term Policy**




*Best annual cost of a 20-year, $250,000 level-term policy for a healthy 30-year-old consumer, as quoted by AccuQuote.com

## Coverage Type

People may also need more help understanding the different types of life insurance. Twenty percent with coverage don't know if they have a permanent or a term policy, including 15 percent of individual policy holders. So they may not know that they have something that builds cash value or that their coverage could come to an end. In fact, about half of consumers aren't aware that permanent life accumulates a cash value that can be borrowed or that term is appropriate for temporary coverage.[4]

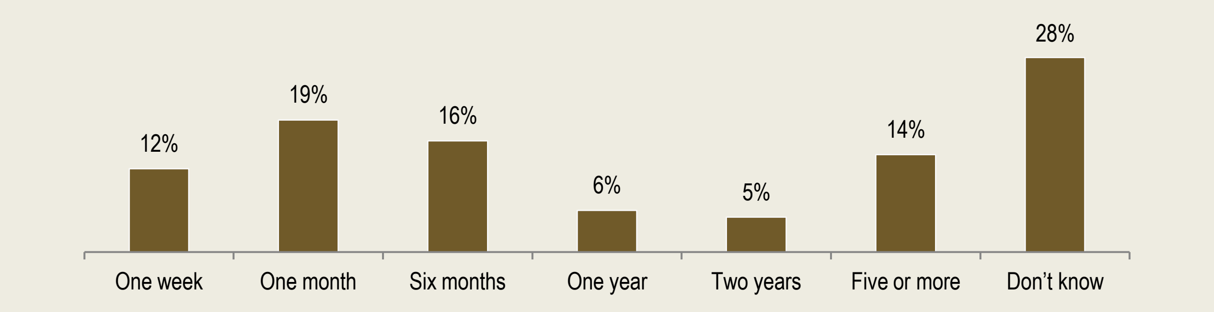
[4] *What Do They Know, Anyway? Consumer Understanding of Life Insurance*, LIMRA, 2012, page 3.

## Financial Impact of Loss

About one third of Americans believe they would feel the financial impact from the loss of the primary wage earner within a month of their passing (Figure 9). Half believe they'd feel the impact within six months. (In general, people in younger age groups believe they'll feel the effects sooner than their older counterparts.)

What's more, over a quarter of people don't know how long it would take to feel the impact, including over a third of women and those who make less than $50,000 a year. This could translate into opportunity for carriers, financial advisors, and agents if they encourage these consumers to receive a needs analysis. People who have a needs analysis are much more likely to buy a policy and tend to purchase significantly more coverage than those who don't.[5] It may also help prospective clients see that their financial advisor or agent is trying to get them the most appropriate amount of coverage (which again, is very important to people purchasing life insurance).

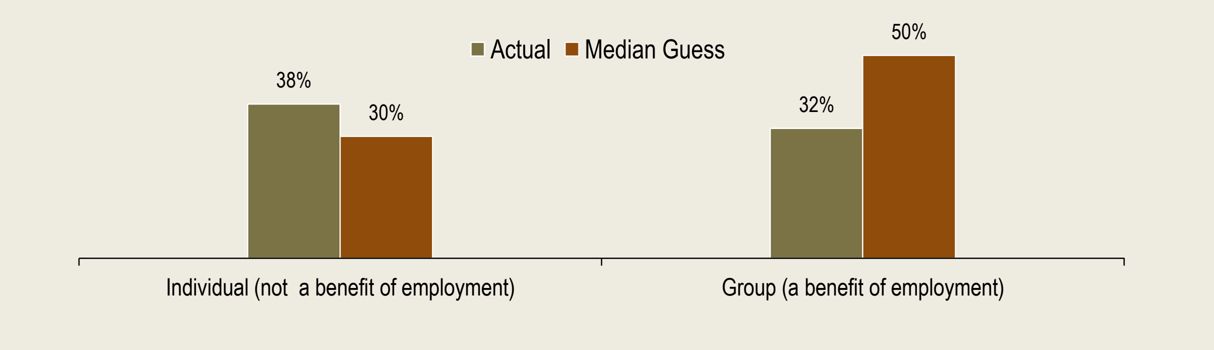
**Figure 9 —**
**Estimated Time It Would Take to Feel the Financial Impact from the Loss of the Primary Wage Earner**




## Perception of Ownership and Recommendation to Own

In reality, more respondents are covered by individually purchased life insurance than by group insurance obtained through their employer. However, people are much less likely to think others own an individual policy. In fact, they overestimate the percentage of people covered by group insurance and underestimate the percentage covered by individual insurance (Figure 10).

**Figure 10 —**
**Portion of U.S. Adults Who Own Insurance**




[5] *To Shop or Not to Shop for Life Insurance: Turning Shoppers Into Buyers*, LIMRA, 2011, page 31.

Many respondents' estimates could be off because people don't tend to talk about life insurance. Americans are reluctant to discuss financial issues in general, and they may be even less likely to discuss life insurance because they are uncomfortable thinking or talking about death.

In fact, while the majority of respondents to the Barometer survey (80 percent) believe that most people need life insurance, only 1 in 5 are very likely to recommend it to a friend, family member, or colleague (Table 7).

**Table 7 —**
**Likelihood to Recommend Life Insurance by Age and Ownership**

| | | Age | | | | Life Ownership | |
|---|---|---|---|---|---|---|---|
| | Total | <25 | 25–44 | 45–64 | 65+ | Own | Don't Own |
| Very likely | 22% | 14% | 25% | 22% | 21% | 31% | 11% |
| Somewhat likely | 38 | 58 | 41 | 35 | 27 | 39 | 36 |
| Somewhat unlikely | 19 | 10 | 18 | 20 | 19 | 16 | 22 |
| Very unlikely | 21 | 18 | 16 | 23 | 33 | 14 | 31 |

While policy owners are significantly more likely to recommend life insurance, other LIMRA research has shown that overall, only about 15 percent of people who have recommended a life insurance company or agent say they do frequently.[6] Nearly a third will make recommendations on occasion, while half say they rarely do.

This could be why only about 10 percent of consumers say they shopped for life insurance because of a friend or family member's recommendation.[7] That said, it was a more common reason younger people shopped, and over half of the people who received a recommendation did end up buying a policy. Companies and advisors may want to be more proactive in encouraging their clients to recommend or at least talk about life insurance.

Friends and family are particularly important sources of information for younger consumers. In fact, members of Generation Y are more likely to seek information about individual products from a friend, relative, or coworker than from any other source.[8]

Younger consumers also may be more likely to receive a recommendation and/or suggest life insurance because they, and perhaps their friends and colleagues, are going through life events that create more of a necessity for it. Those events, such as marriage or having children, may spur the discussion or at least get them thinking more about their need for coverage.

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[6] *Under the Mattress: Consumer Likelihood to Recommend Insurance*, LIMRA, 2014, page 3.

[7] *To Shop or Not to Shop for Life Insurance: Turning Shoppers Into Buyers*, LIMRA, 2011, page 11.

[8] *Generations Online: Consumer Internet Use for Insurance*, LIMRA, 2009, page 18.

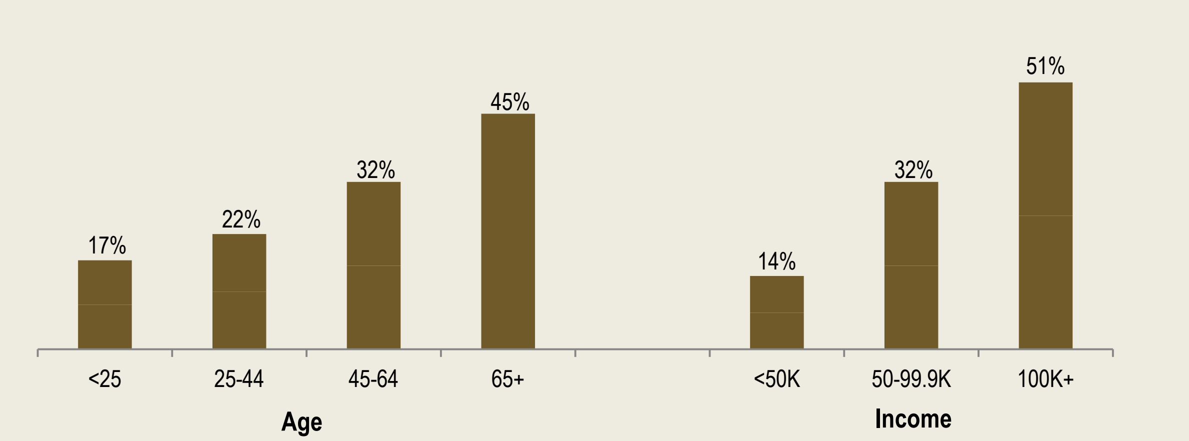
# Contact

## Financial Advisors and Agents

With a large portion of people unlikely to recommend life insurance, procrastinating when it comes to shopping, and waiting for someone to approach them, it's important for companies to reach out.

Just under a third of adults have someone they consider to be their financial advisor or agent.
Not surprisingly, the likelihood of having a financial advisor or agent increases with age and income (Figure 11).

**Figure 11 —**
**Consumers with a Financial Advisor or Agent by Age and Income**




Encouragingly, two-thirds of clients have had contact with their financial advisor or agent within the past three months; however, the customers were a bit more likely to initiate contact. Younger customers were especially likely to initiate contact, perhaps because they have less experience with and knowledge of financial products and were less likely to have an established relationship with a financial advisor or agent.

### *Reason for Contact with Financial Advisor or Agent*

A general financial review was the most common reason for contact (Table 8), particularly for clients over the age of 44 who represent two thirds of the population with a financial advisor or agent.

Younger clients are more likely than their older counterparts to contact their financial advisor or agent with the intention of purchasing a financial product or discussing their need for one. Although, they are a bit less likely to want to discuss or purchase insurance than they are to discuss or purchase investment products (such as annuities or mutual funds).

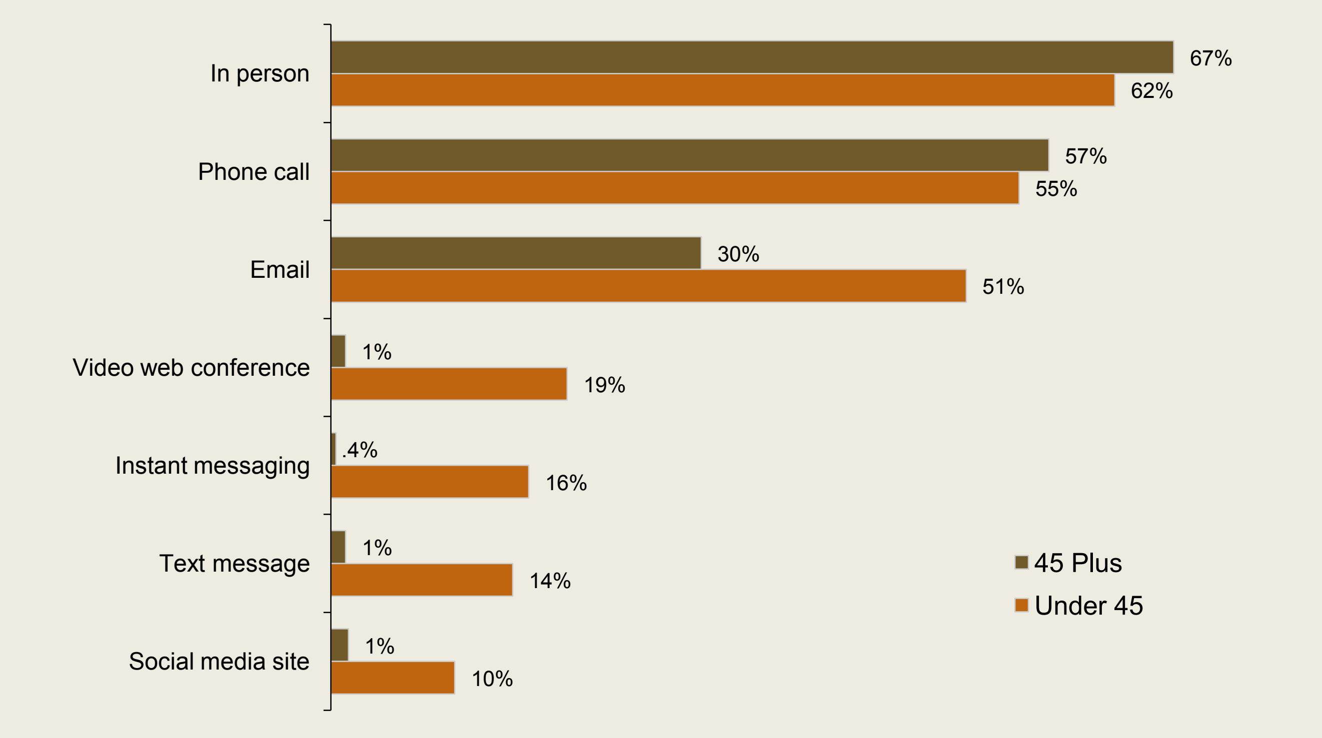
**Table 8 —**
**Reasons for Most Recent Contact with Financial Advisor or Agent by Age**

| | | Age | |
|---|---|---|---|
| | **Total** | **<45** | **45+** |
| For a general financial review or needs analysis | 50% | 37% | 56% |
| To discuss an investment product that I already own (such as its performance, value, etc.) | 22 | 25 | 20 |
| To discuss the potential need for an investment product (such as an annuity or mutual fund) | 15 | 23 | 12 |
| To purchase an investment product | 12 | 21 | 8 |
| To discuss an insurance product that I already own (such as its performance, value, etc.) | 12 | 17 | 9 |
| To discuss the potential need for an insurance product (such as life or disability insurance) | 8 | 20 | 3 |
| To purchase an insurance product | 7 | 17 | 3 |
| Other | 16 | 6 | 20 |

### *Preferred Methods of Contact with Financial Advisor or Agent*

Most consumers, younger and older, still prefer to communicate with their financial advisor or agent in person or over the phone. Younger consumers are almost as likely to prefer email and are more open to using text or instant messaging, video web conferencing, or social media sites (Figure 12).

**Figure 12 —**
**Preferred Methods of Communication with Financial Advisor or Agent**



## Life Insurance Research and Purchase Preferences

### *Preferred Purchase Methods and Internet Usage*

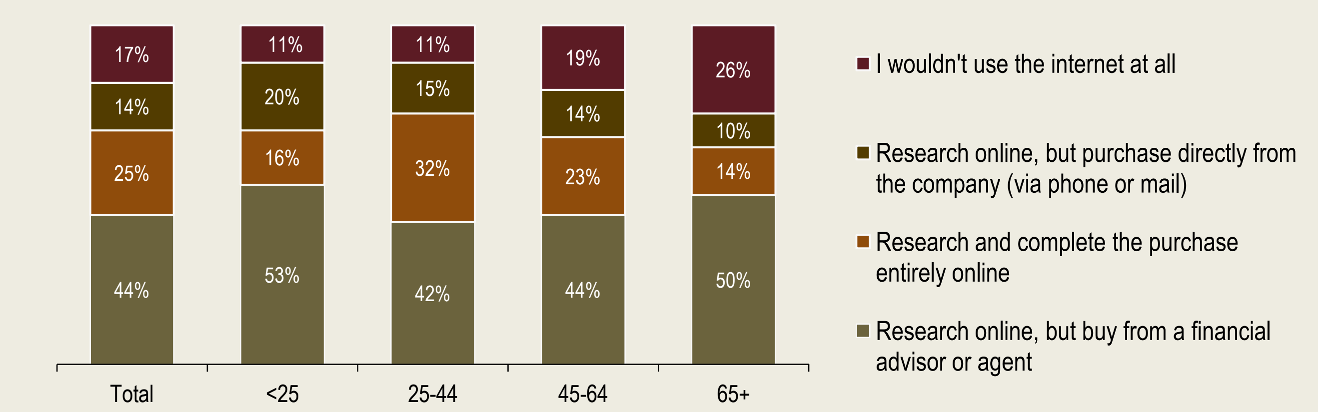
In general, most people still prefer to speak with financial advisors and agents about life insurance in person because it's a relatively complicated purchase. However, this can result in a catch 22 because buying habits have changed. Consumers are used to a "one click" type of shopping and relatively instant gratification, particularly younger shoppers. In fact while still in the minority, one in four people under the age of 45 say they'd prefer to apply for life insurance online (Table 9).

**Table 9 —**
**Most Preferred Way to Purchase Life Insurance by Age**

| | | Age | | | |
|---|---|---|---|---|---|
| | Total | <25 | 25-44 | 45-64 | 65+ |
| In person (outside of the workplace) through a financial advisor or agent | 53% | 48% | 45% | 55% | 70% |
| Complete an online form | 22 | 27 | 26 | 21 | 12 |
| Through my workplace | 11 | 13 | 16 | 9 | 2 |
| Complete an application and mail it to an insurance company/professional | 7 | 3 | 5 | 8 | 9 |
| Over the phone | 4 | 5 | 4 | 4 | 3 |
| Complete an (offline) application and email it to an insurance company/professional | 3 | 4 | 4 | 3 | 4 |

A majority of people overall say they would use the Internet to *research* life insurance (Figure 13), including three quarters of consumers over the age of 64. So it's important for companies to display information in a way that helps people understand what they are looking at and compare different products, because if people are confused they will likely be more hesitant to buy.

**Figure 13 —**
**How Consumers Would Use the Internet When Purchasing Life Insurance by Age**

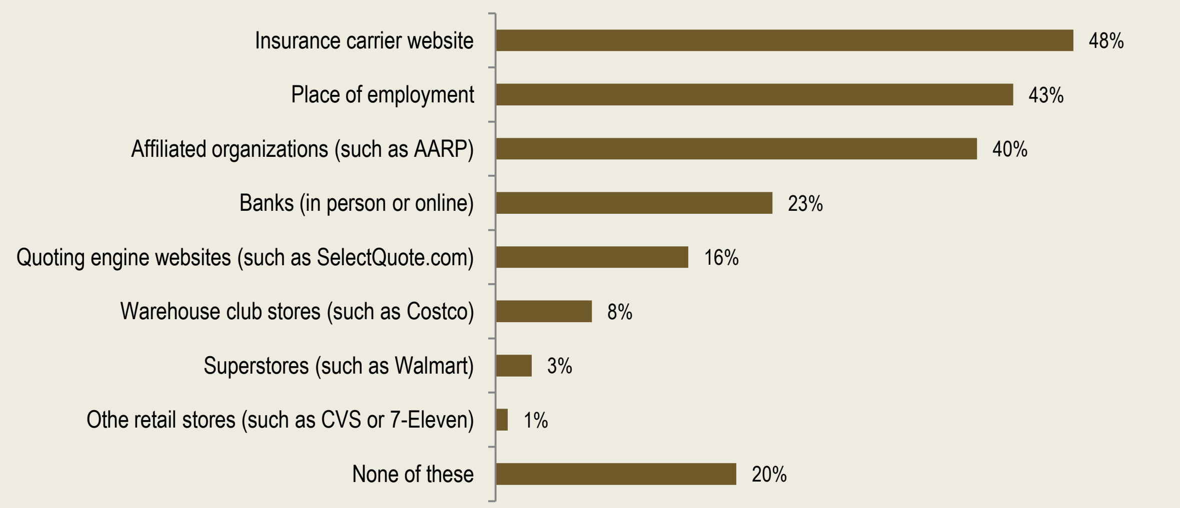


In fact, 40 percent of consumers have actually sought information on life insurance online. And similarly, 40 percent have visited a life insurance company's website, half within the past year.

***Preferred Purchase Locations***

While online may not be the most preferred place to purchase life insurance, nearly half of consumers say they would be *willing* to buy through a carrier's website (Figure 14).

**Figure 14 —**
**Locations from which Consumers Would be Willing to Purchase Life Insurance**




When they do visit a website, it's imperative that they are able to understand the value of the products and how they will help fulfill their financial and emotional needs.

If consumers have a better understanding of the products, they will hopefully feel more comfortable applying for a policy themselves or contacting a company or representative to get the process started.

# Long-Term Care and Disability Insurance

Half of Barometer survey respondents are concerned about paying for long-term care (LTC) services and half are concerned about supporting themselves in the event that they become disabled and no longer able to work. In fact, a third say they are very or extremely concerned about these possibilities.

However, while LTC and disability insurance (DI) can diminish these risks, ownership remains relatively low.

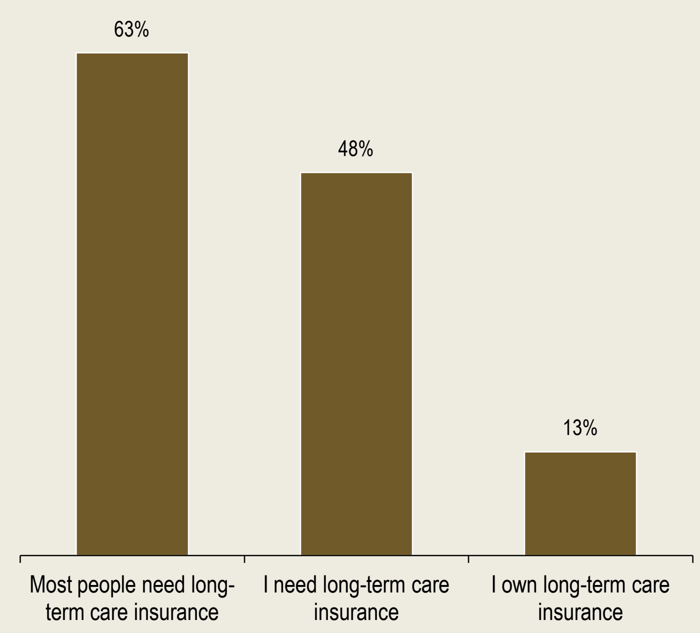
## Long-Term Care Insurance

While the majority of adults in the U.S. agree that most people need LTC insurance and about half admit they themselves need it, few respondents actually own it (Figure 15).

In fact, industrywide ownership is likely to be even lower. LIMRA estimates that there were only 7.3 million LTC policies in force in 2013.[9] Two thirds were purchased individually, and although people across all age groups acknowledge the need for LTC insurance, sales have generally declined in recent years.

Aside from economic conditions, growth has been hampered by significant price increases related to lower than expected lapse rates, companies exiting the market, reductions in employee benefits, and the sustained low-interest rate environment causing some to increase prices further.

**Figure 15 —**
**Long-Term Care Insurance Attitudes and Ownership**




That said, the need does not go away. In fact, as the population ages and stress on Medicaid grows, the need for LTC solutions will likely only increase.

[9] *U.S. Individual and Group Long-Term Care Insurance Annual Reviews*, LIMRA, 2014, Pages 5 and 8.

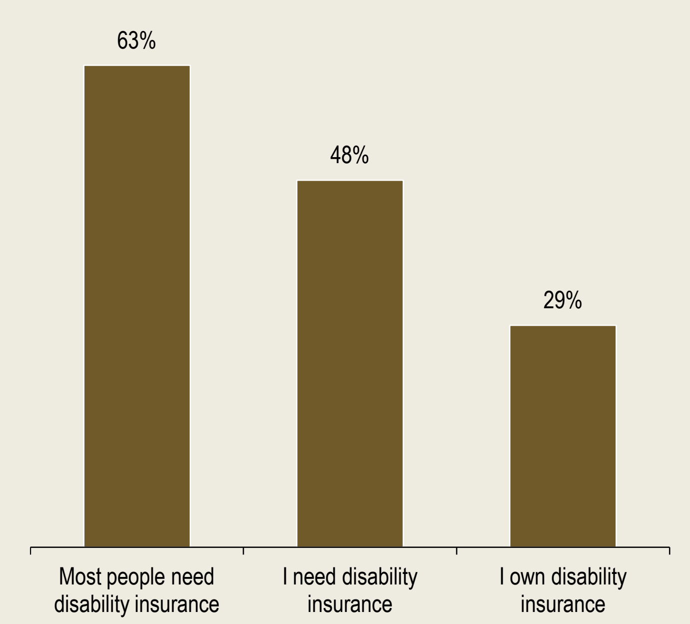
## Disability Insurance

Consumer sentiment over the need for DI is similar to LTC, although respondents are much more likely to own a DI policy (Figure 16).

Not surprisingly, expressed need and ownership are highest between the ages of 25 and 64, during the working years. In fact, 80 percent of owners obtained a DI policy through their employer, while 30 percent purchased one on their own.

Consumers most often begin shopping for DI because of health concerns; however, by that point they may have become uninsurable or find the price is too high.[10] Plus, similar to life insurance consumers, they often have difficulty understanding DI and how much coverage they need, likely another key reason for not buying. Reaching consumers early and finding ways to increase contact with financial advisors or agents (including follow-up with undecided shoppers) could help boost sales.

**Figure 16 — Disability Insurance Attitudes and Ownership**




Base: Employed consumers

[10] *Disability Insurance: Why Not? Why People Shop For and Buy Individual Disability Insurance*, LIMRA, 2011, page 11.

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