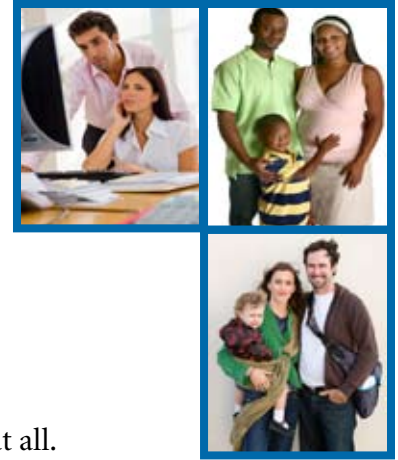


# Generations at Risk

Facts from LIMRA International  
Life Insurance Awareness Month, September 2008



## FACTS ABOUT LIFE 2008

### Many U.S. Households Continue to be Underinsured.

- One third of adults in the United States carry no life insurance at all.
- More than 1 in 4 men have no life insurance coverage at all and almost two thirds of men age 18 to 24 have no life insurance.
- Overall, women are more likely to own life insurance today than they were in 1998 but almost 1 in 3 women have no life insurance coverage at all and about half of women age 18 to 24 have no life insurance.
- Today, insured adults are more likely to have only group life insurance obtained through the workplace. Adults with only group coverage carry the lowest amounts of life insurance.

### Boomers Heading Towards Retirement.

- There are approximately 77.8 million baby boomers (1946–1964) aged 45 to 62 years old.
- On average, three-quarters of baby boomers own some sort of life insurance — half owning individual life insurance policies and the rest having group policies.
- While an average of 78.5 percent of men in this generation have life insurance, less than 70 percent of women have any life insurance.
- Baby boomers primarily rely on face-to-face interaction for their financial planning.

### Generations X and Y Planning for the Future.

- Combined, Gens X (1965–1980) and Y (1981–1995) represent more than 126 million Americans.
- 41 percent of Gen X own individual life insurance while only 22 percent of adult Gen Y have individual life insurance policies.
- Equal numbers of Gen X and Y men and women have some form of life insurance coverage — about 7 in 10.
- Parents are key purchasers of term life insurance, which represents 45 percent of all policies sold. The availability of low-cost level-premium term insurance appears to be attractive to single parents and young families, who typically have less discretionary income.



**LIFE INSURANCE**  
AWARENESS MONTH  
SEPTEMBER 2008



## Generations X and Y Prefer Different Methods to Obtain Information.

- Gens X and Y are technologically savvy. While 3 in 4 adults in the United States use the Internet, 92 percent of people between ages 18 and 29 are online and 85 percent of 30- to 49-year-olds use the Internet. The higher their education and household income, the more likely they are to be online.<sup>1</sup>
- Gen X and Y more often seek advice from the Internet (especially insurance company Web sites) compared with baby boomers.
- References from friends, relatives, and coworkers are the most influential when Gen Xs and Ys select a life insurance company, with Gen Ys and younger Gen Xs significantly more likely to rely on references than are older Gen Xs and baby boomers.
- 15 percent of Gen Ys and 12 percent of Gen Xs purchased online as opposed to 7 percent of baby boomers. In the future, 20 percent of Gen Y and 17 percent of Gen X say they want to purchase online.
- About 1 in 4 Gen Xs and Gen Ys buy mutual funds online, the single most common purchase channel. When asked how they will buy mutual funds in the future, roughly the same percentage will buy online. However, they are twice as likely to want to buy from an insurance professional in the future as to buy online.

## Marketing to Gen X and Y.

- Gen Xs and Gen Ys often differ from baby boomers and from each other when it comes to online activities and information seeking. Relationship building, personalized service 24/7, easy access to information online, convenience, and brief, targeted product information are key to reaching these consumers.
- Parents are more influential to Gen Ys (83 percent) who are seeking financial advice than Gen Xs (59 percent).<sup>2</sup> As compared to boomers who are more likely to have experience with life insurance and companies that sell it, Gens X and Y rely on word of mouth and a company's reputation when deciding where to buy life insurance. Referrals have never been more important!
- The workplace is the second most common place to buy life insurance for all generations. Gen Ys are twice as likely to buy life insurance at work as boomers. Gen Ys cite convenience and confidence in the company based on a perceived "employer approval" for that company's offerings.
- Surprisingly, price is not the most important factor when buying life insurance online for Gens X and Y. Knowing and understanding the product rank highest while company accessibility (personal contact, answering questions and service) and price come in second.



Unless otherwise noted, all facts are from LIMRA International's life insurance consumer studies.

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<sup>1</sup> Demographics of Internet Users, Pew Internet & American Life Project, December 2007.

<sup>2</sup> Preparing for Their Future: A Look at the Financial State of Gen X and Gen Y, American Savings Council and AARP, March 2008.