How to Help Families Understand Life Insurance Is Not Optional

When families understand the real cost of life insurance, they realize that not only can they afford it, but they cannot afford to go without it.

By Jocelyn Wright

September is Life Insurance Awareness Month. If you are suppressing a yawn at this point, the startling statistics revealed by the 2015 Life Insurance Barometer Study should serve as a wake-up call. According to the study, which was conducted by Life Happens and LIMRA, more than 40 percent of Americans have no life insurance at all.

The problem is even more chronic for women, who historically have been underinsured. It is estimated that the amount of life insurance owned by women is about 69 percent of that owned by men, and 43 percent of women do not have any life insurance at all. It is unfortunate that our society still tends to undervalue the contributions of women to the household, especially if they are stay-at-home mothers or caregivers without a quantifiable salary.

To help with the guesswork, salary.com in its Annual Mom Salary Survey estimated that the total annual salary for a stay-at-home mom in 2014 should be $118,905. The number of women who are the primary breadwinner of the household, or in many cases the sole breadwinner of the household, continues to increase. It is imperative that these women have adequate life insurance to provide for their families in the event of a premature death.

Women also are more likely to be the main caregivers for an aging parent or loved one. With so many depending on women, the importance of proper coverage is critical. While 66 percent of single mothers do have life insurance policies, only 33 percent have sufficient coverage to satisfy their dependents’ expenses for any substantial length of time.

The Insurance Barometer Study also indicated that 30 percent of those surveyed believed they needed more life insurance and 43 percent said the loss of the primary breadwinner would have a financial impact within six months of their death. Despite these facts, 54 percent said they were unlikely to buy additional life insurance in the next year.

Why the disconnect? If consumers recognize they are underinsured and are aware of the potentially devastating financial effects, why are they not taking corrective action? The Insurance Barometer Study found that mistaken perception about the actual cost of life insurance was at the root of the problem. The study showed that most consumers have an unrealistic expectation of the cost of insurance. About 80 percent of respondents overestimated the cost. Millennials in particular missed the mark by as much as 213 percent, and members of Generation X were off by 119 percent.

Insurance protection is not nearly as expensive as people think it is. When compared with other monthly costs like cable, lunches out or the occasional stop at the coffee shop, life insurance is very affordable. When families understand the real cost of life insurance, they realize that not only can they afford it, but they cannot afford to go without it.

As advisors, we know firsthand the importance of life insurance in the overall planning process. We have either seen or heard how the premature death of a loved one without adequate insurance can completely derail a financial plan. Yet it seems that many of us have fallen short in raising the consciousness of the growing segment of the population who remain uninsured or underinsured. This is where the industry, with robust campaigns like Life Insurance Awareness Month, can step up to the plate in order to provide the additional educational tools advisors and consumers need to make appropriate decisions about their family’s financial security.

Here are a few ideas for advisors to use during Life Insurance Awareness Month:

[1] Use the resources provided by Life Happens in client meetings and educational seminars. At lifehappens.org, you will find videos, downloadable brochures and infographics, and real stories about real families and the impact of life insurance.

[2] Offer complimentary policy reviews and life insurance needs analyses. Make sure to include couples so that both parties are adequately covered.

[3] Contribute an article to your local newspaper about the importance of life insurance, or share a story about how life insurance may have impacted you or a client.


[5] Implement a life insurance campaign in your office with the goal of protecting a certain number of lives by the end of the year.

[6] Record a message on your voicemail informing clients of Life Insurance Awareness Month and welcoming them to contact your office for more information.

[7] Engage your social media audience with posts, facts and figures about the real cost of life insurance, with messages provided by Life Happens.

Take advantage of Life Insurance Awareness Month and its resources as an opportunity to engage consumers, but don’t stop there. Keep the conversation about the benefits of life insurance going 365 days a year.

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