



Black Americans: Fueling the Expansion of U.S. Life Insurance Ownership

#HelpProtectOurFamilies

Executive Summary

This briefing highlights recent findings regarding Black American attitudes and behaviors about life insurance. It also quantifies the size and scope of the Black American market, providing recommendations on the best ways to engage Black American consumers.

Key Findings:

- Today, 56 percent of Black Americans own life insurance, four points higher than the life insurance ownership for the total U.S. adult population (52 percent). However, 75 percent of Black Americans believe they should have life insurance coverage, representing a significant opportunity for life insurance companies who engage this market.
- While Black Americans are more likely to own life insurance than the general population, 20 million Black American adults say they need (or need more) life insurance coverage.
- Nearly 4 in 10 (38 percent) Black Americans say they are likely to buy life insurance in the next 12 months as a result of the COVID-19 pandemic, outpacing U.S. adults overall (31 percent).¹
- Nearly 6 in 10 Black Americans (58 percent) say they are likely to buy life insurance within the next 12 months. Uninsured Black Americans are nearly twice as likely as those in the general population to say they will “definitely buy” life insurance within the next year.²
- Nearly 40 percent of Black American adults believe they need 15 or more years of income coverage, in the event of a primary wage earner’s death.³
- Among Black Americans who own individual life insurance, 68 percent have a permanent product; 46 percent own term insurance.⁴
- Nearly a third of Black American households (31 percent) indicate they would face financial hardship within a month or less should the primary wage earner die. More than half of Black American households (55 percent) would face financial hardship within six months following the death of a primary wage earner.

Elizabeth A. Caswell

Associate Research Director
860-285-7739
ecaswell@limra.com

¹ The 2021 Insurance Barometer Study, LIMRA and Life Happens.

² *Life Insurance in Focus*, LIMRA, 2021.

³ The 2021 Insurance Barometer Study, LIMRA and Life Happens.

⁴ *Life Insurance in Focus*, LIMRA, 2021.

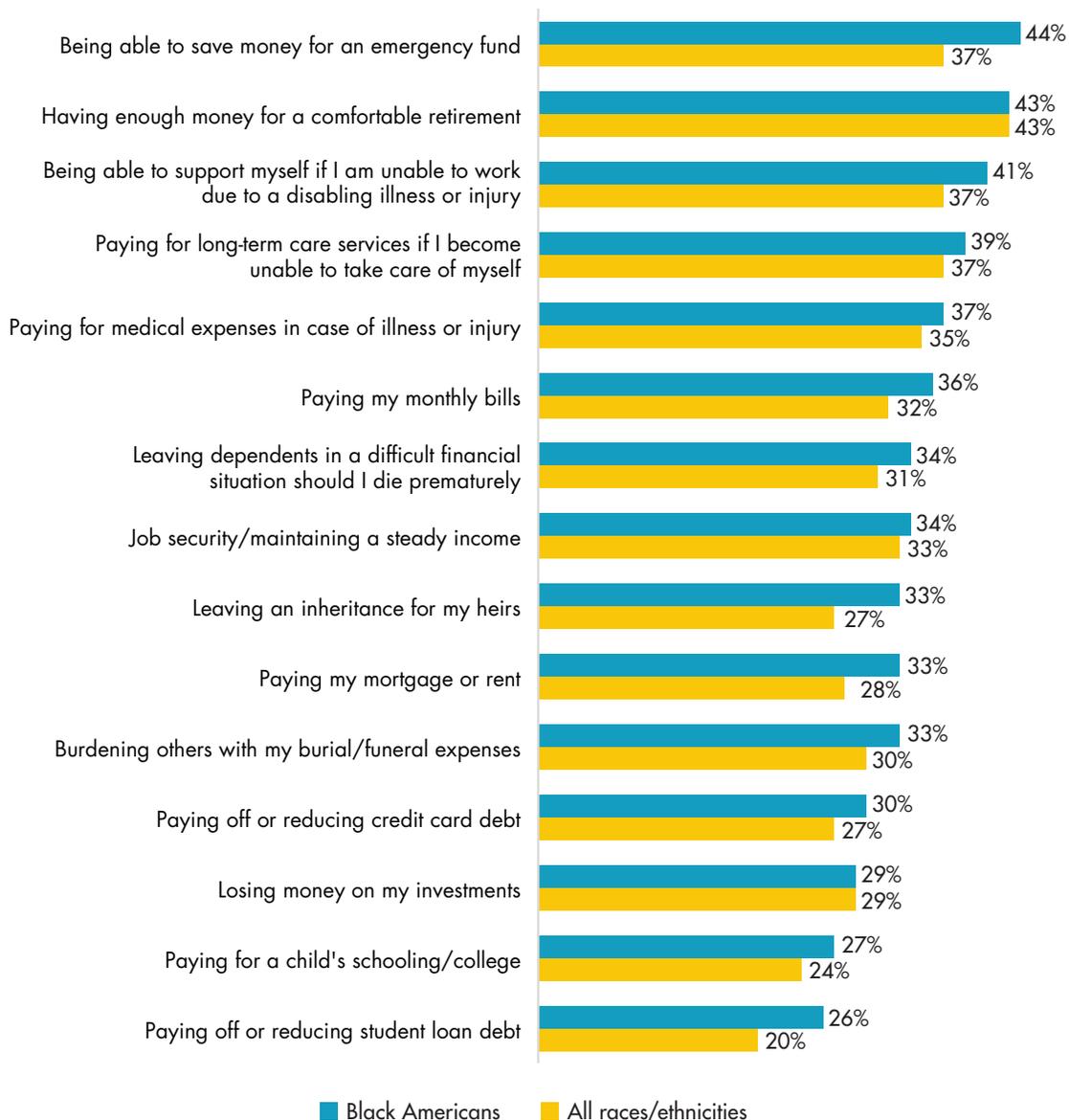


Financial Concerns

LIMRA research finds Black Americans report a higher level of financial concern than the overall population and COVID-19 exacerbated these concerns. Black Americans are significantly more likely to be concerned about being able to save for an emergency fund, pay their monthly bills and their mortgage, and leaving their families in a difficult situation due to a premature death (Figure 1).



FIGURE 1
Financial Concerns of Black Americans

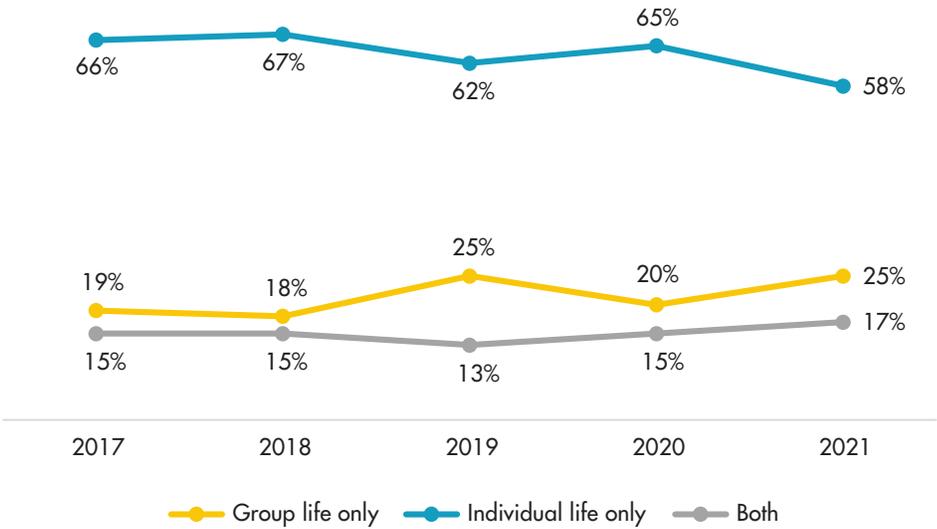


Source: *Black Americans: Life Insurance Ownership and Attitudes*, LIMRA, 2021.



Black Americans are more likely to own individual life insurance than the general population. Fifty-eight percent of Black Americans own individual coverage, while just 52 percent of all Americans have individual coverage. Life insurance offered through an employer is a benefit Black Americans value. Three in four say that the coverage they have through work meets their household needs. Group life insurance ownership increased 25 percent for Black Americans in 2021, up five points from 2020 (Figure 2).

FIGURE 2
Black American Life Insurance Product Ownership



Source: *Black Americans: Life Insurance Ownership and Attitudes*, LIMRA, 2021.

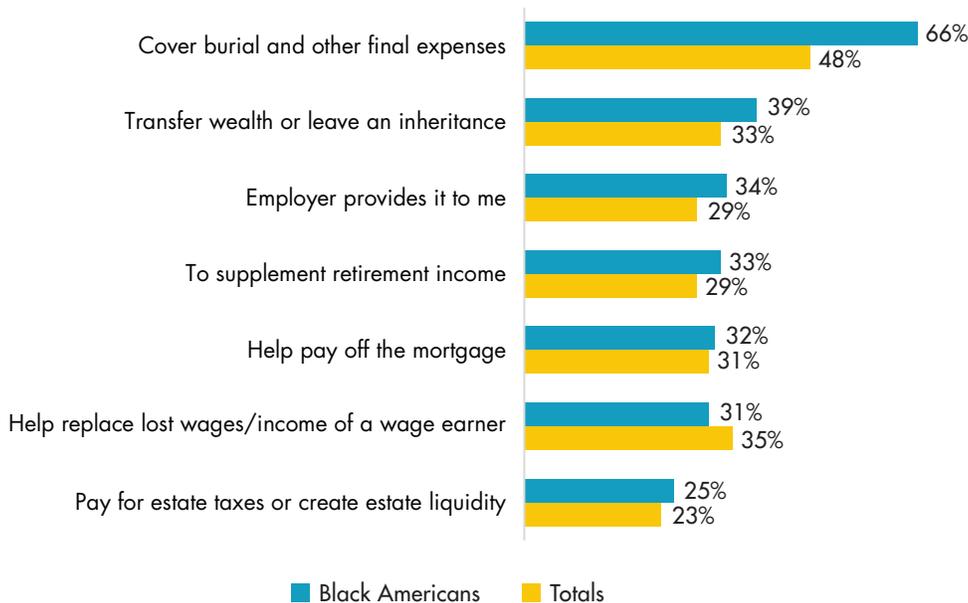
Reasons Black Americans Own Life Insurance

Thirty-one percent of Black Americans believe that life insurance is only for final expenses and 66 percent say that is the primary reason they own life insurance (Figure 3). Just 48 percent of the general population say the same. This perception of life insurance could result in Black Americans not purchasing enough coverage to provide income replacement or enable wealth transfer, two key ways life insurance can benefit loved ones after a wage earner dies. In some cases, younger Black Americans are purchasing life insurance for other family members — including siblings and parents — to ensure that an unexpected financial burden does not fall to those who survive them.

Life insurance is one of the traditional methods for building and transferring intergenerational wealth. Four in 10 Black Americans cite wealth transfer as the second most common reason they own life insurance, compared with just 33 percent of the general population.

Additional reasons Black Americans say they own life insurance include supplementing retirement income (33 percent), paying off mortgage debt (32 percent) and replacing lost wages or income from wage earner (31 percent).

FIGURE 3
Reason for Owning Life Insurance



Source: *Black Americans: Life Insurance Ownership and Attitudes*, LIMRA, 2021.

Black American Demographic Profile

- Black American adults number over 44 million and represent 13 percent of the U.S. adult population.
- The U.S. Black population grew more than 20 percent over the past 20 years and is younger than the general population. The median age of Black Americans is three years younger than the overall U.S. population (35 versus 38 years old). More than half (56 percent) of single-race Black Americans were age 38 or less in 2019. Roughly 30 percent of the entire Black population is below the age of 20, and 11 percent are 65 or older.
- The median income for Black American households is \$45,870. More than 4 in 10 earn more than \$50,000; 27 percent earn \$75,000 or more. Nearly 1 in 5 (17 percent) earn \$100,000.⁵
- College completion continues to rise, with nearly 1 in 4 Black American adults over the age of 25 holding a bachelor's and/or master's degree or higher, up from 15 percent in 2000.
- Forty-three percent of Black Americans report using a professional financial advisor, consistent with the overall U.S. population (45 percent). However, 30 percent of Black Americans indicate they are currently seeking a financial advisor, which is six points higher than the general population.⁶

Life Insurance Market Opportunity

- Over half (56 percent) of Black Americans own life insurance, suggesting over 24.6 million have some coverage.
- Among the 56 percent Black Americans who own life insurance, 14 percent say they need more than they have today. Of the 44 percent of uninsured Black Americans, a third believe they need it. Whether uninsured or underinsured, nearly 1 in 4 say they need life insurance, suggesting a self-identified market of over 10 million Black American consumers.



⁵ Income and Wealth in the United States: An Overview of Recent Data, *pgpf.org*, <<https://www.pgpf.org/blog/2021/11/income-and-wealth-in-the-united-states-an-overview-of-data>> [Accessed 2021].

⁶ The 2021 Insurance Barometer Study, LIMRA and Life Happens.

Black American Preferences on How to Buy Life Insurance

- Nearly 4 in 10 Black Americans (37 percent) prefer to buy life insurance through a financial professional, versus 45 percent of the population overall. Other places Black Americans visit to purchase life insurance include life insurance carrier websites (16 percent), and affinity group websites like AARP (18 percent). Online aggregators, telephone, or direct mail were each cited by 7 percent of Black respondents who prefer these methods to obtain individual life insurance.⁷
- When obtaining life insurance coverage at work, channel options are key. Black Americans prefer using their employer's online enrollment portal (34 percent) to enroll in their workplace benefits. One in four Black Americans say they would prefer to enroll via a paper enrollment form and nearly 1 in 3 (28 percent) would like one-to-one support to enroll by either meeting with someone or using the telephone.⁸
- Nearly 6 in 10 Black Americans report using social media as a source of information on financial topics — a proportion greater than other market segments. Facebook, YouTube, and Instagram are the top three sources of online financial information for them.
- While most Black Americans prefer to connect with their life insurance provider every 1 – 3 years to review their policies and coverages, 1 in 4 prefer to reach out to their advisor/agent on an as-needed basis.⁹
- Black Americans are less likely to have broadband service and personal computers at home, and therefore rely more on smartphones. Device-agnostic access to online life insurance tools and resources will ensure more Black Americans have the information they need to make informed decisions about life insurance.

Opportunities to Educate and Engage

There is a great opportunity for life insurers and financial professionals to help dispel Black Americans' misconceptions about life insurance and get the coverage they know they need.

- Fewer than 4 in 10 Black Americans feel very knowledgeable about life insurance, which is in line with the general population.
- The top reason Black Americans give for not purchasing coverage is that it's too expensive, yet LIMRA research finds Black Americans are more likely than the general population to overestimate the cost of life insurance (75 percent versus 50 percent). They are also more likely to believe the coverage they get through their employer is adequate.
- Learn about the Black American community and culture. The more you can demonstrate an understanding of their unique needs and present viable solutions, the greater trust you can build with your Black American clients.

⁷ Life in Life Focus Study, LIMRA, 2021.

⁸ Ibid.

⁹ Ibid.

Research and Related Resources

- [*Life Insurance in Focus*](#), LIMRA, 2021
- [*2021 Insurance Barometer Study*](#), LIMRA and Life Happens
- [*Black Americans: Life Insurance Ownership and Attitudes*](#), LIMRA, 2021
- [*2020 Insurance Barometer Study*](#), LIMRA and Life Happens
- [*Let's Talk Life – Why do Consumers Live With a Life Insurance Gap?*](#), LIMRA, 2021
- [*The economic state of Black America: What is and what could be*](#), McKinsey, 2019
- [*Black bachelor's degree holders more than doubled since 2000*](#), Pew Research Center, 2021
- [*The Financial Needs of Family Caregivers Series*](#), LIMRA, 2019
- [*Life Insurance in Life Stages*](#), LIMRA, 2020
- [*Why the homeownership gap between White and Black Americans is larger today than it was over 50 years ago*](#), CNBC.com, 2020
- [*Population more ethnically diverse 2010–2020*](#), U.S. Census, 2020
- [*Income and Wealth in America*](#), Peter G. Peterson Foundation, November 2021
- [*The Growing Diversity of Black America*](#), Pew Research Center, 2021



LL Global, Inc.[®]



www.limra.com



www.loma.org

©2022, LL Global, Inc. All rights reserved.

This publication is a benefit of LIMRA membership.

No part may be shared with other organizations or reproduced in any form without LL Global's written permission.