



A Majority Agrees Life Insurance is Needed, But Do You Have It?

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Many individuals, families, and businesses are still without life insurance or do not have enough insurance to provide essential, financial protection for their loved ones and their business associates. This is a major problem for many across the state of New York, and for the policymakers who serve them. For without life insurance, what or who will provide this financial protection?

When life insurance is in place, life insurers provide the funds to cover the mortgages and car loans, continue paying for education, continue making the business payroll, continue to operate the family business, and provide financial assistance for other needs. While 80 percent of adults believe that most people need life insurance, only one in five people are very likely to recommend it, according to LIFE Happens and LIMRA. Furthermore, one in four Americans say they need more life insurance, but only 10 percent are very likely to purchase a policy within the next year¹.

The life insurance industry can only serve the public to the extent that they actually apply for and purchase this vital coverage. As of 2012, New York State residents own eight million individual life insurance policies, with coverage averaging \$179,000 per policyholder. Group life insurance coverage in New York State amounts to \$668 billion. This may seem to be an ample amount of coverage, however, while 68 percent of New York house-

holds have life insurance, the average household owns enough to replace only 3.4 years of income.² That's not very long.

For its part, the life insurance industry continues to work with New Yorkers so that they have the life insurance coverage they know they need. In fact, September is Life Insurance Awareness Month, and while every day is important to help people understand their life insurance needs, the industry further bolsters its efforts to educate and encourage consumers to purchase the important protection life insurers provide. The life insurance industry pays billions to New Yorkers annually—\$27 billion in in 2012 (\$104 million every business day)—and has the financial strength to continue paying. At the same time, the industry has the capacity to provide financial security to more families and businesses.

Certainly the current state of the economy is a factor, but as the economy continues to improve, will we see a change in levels of life insurance coverage? That is a serious question. The Life Insurance Council of New York, Inc., along with its many life insurance company members, continue to work to have as many New Yorkers covered as possible. We know that state policymakers can make a positive difference by enacting legislative proposals and simplifying the regulatory environ-

ment that facilitate the availability of life insurance products in New York State and encourage more consumers to secure this critical protection.

Most New Yorkers know there is a great need for more life insurance protection. The life insurance industry and the state public policymakers in New York need to continue to work together to enact statutes and promulgate regulations that foster the purchase of this vital protection. [A]

Thomas E. Workman is the President and Chief Executive Officer of the Life Insurance Council of New York, Inc. LICONY is the principal voice of the life insurance industry in New York. LICONY works to create and maintain a legislative, regulatory, and judicial environment that encourages its members to conduct and grow their life insurance businesses here in New York State. For stories about New Yorkers who have benefitted greatly from purchasing the products of life insurers, go to www.licony.org, click on "Published Articles" in the NEWSROOM box on the homepage.

¹ Source: LIFE Happens and LIMRA's Life Insurance Barometer Study, 2014.

² Source: LIMRA estimates for New York based on Closing the Life Insurance Gap: One Household at a Time, 2012.



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