

Review of Social Networks Reveals Consumers Have Two Key Questions About Life Insurance, Says I.I.I.

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NEW YORK, September 25, 2012 ? When looking for information on life insurance, an Insurance Information Institute (I.I.I.) analysis of social media discussions found that consumers have two key questions: How much coverage do I need; and how can I buy a policy?

?When purchasing a life insurance policy, consumers need to make sure they have enough coverage to replace the income and employer-provided benefits of the family?s primary bread winner, as well as cover any death-related expenses,? said Jeanne Salvatore, senior vice president, Public Affairs, and national consumer spokesperson for the I.I.I. ?When it comes to how to go about actually buying the policy, a good place to start is with the insurance professional from whom you may already have bought auto or homeowners insurance.?

Determining the Right Amount of Coverage

If you have dependents, buy enough life insurance to replace the income you now earn, plus enough to offset any additional expenses they will incur to replace services you provide (for example, if you do your own taxes, your survivors might have to hire a professional tax preparer). Also, your family might need extra money to make some changes after you die. For example, for relocation, or in the event your spouse needs to go back to school to be in a better position to help support the family.

You should also plan to replace ?hidden income??income you receive through your employer that is not part of your gross wages. Hidden income includes things like your employer?s subsidy of your health insurance premium, the matching contribution to your 401(k) plan, and many other perks, large and small. This is an often-overlooked insurance need, and it is worth remembering that the cost of replacing just health insurance

and retirement contributions can add up to \$2,000 per month or more.

You should also consider purchasing life insurance on the stay-at home spouse. It should be enough to pay for the many services he or she currently provides for the family. This could include house cleaning, taking care of children and/or elderly parents, handling household paperwork and other chores. Talk to your insurance professional about the best way to determine these costs.

Finally, you should also plan for the typical expenses that arise at death: funeral costs, taxes and administrative costs associated with ?winding up? an estate and passing property to heirs. At a minimum, you should plan on having \$15,000 worth of coverage to cover these costs.

Finding the Right Life Insurance Agent or Broker

Life insurance policies are often sold by the same licensed agents or brokers from whom you may already have bought your auto or homeowners insurance, or even a business insurance policy. There are also agents who specialize in life insurance products as well as annuities, disability income and long-term care insurance.

As a general rule, try to buy a policy from a company licensed in your state, because you can then rely on your state insurance department to help you if there is a problem. And, should the insurance company become insolvent (which happens very rarely), your state?s life insurance guaranty fund will help only policyholders of companies it has licensed. To find out which companies are licensed in your state, contact your state insurance department.

The I.I.I.'s informal social media analysis was done in the first few weeks of September 2012, when life insurance questions were more frequently raised as a result of Life Insurance Awareness Month (LIAM).

For more information, see the I.I.I. resources on life insurance:

- Insurance Topics: Life Insurance
- Facts and Statistics: Life Insurance
- Video: Insurance IQ ? Life Insurance

The I.I.I. has a full library of educational videos on its You Tube Channel. Information about I.I.I. mobile apps can be found here.

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