

The report "Life Insurance in America: Understanding and Closing Coverage Gaps" by the Financial Health Network underscores significant disparities in life insurance ownership across various demographics in the U.S. Despite increased interest during the pandemic, nearly 40% of Americans remain uninsured, including 15% of high-income households earning \$100,000 or more. Coverage rates are notably lower among Latinx individuals (57%) compared to White individuals (64%), with Black (23%) and Latinx (28%) workers less likely to have employer-provided policies than their White counterparts (36%). The workplace is a vital channel for life insurance, as 98% of employees opt in when offered, yet only 43% of current workers report having employer-sponsored coverage, with part-time workers and those in smaller companies facing significant barriers to access. Alarming, 34% of households with children lack life insurance, exposing them to financial vulnerability in the event of a death. The findings highlight the essential role of life insurance in providing financial security, particularly for families, while also revealing gaps in coverage and access, especially among marginalized groups.

The document further emphasizes the rising costs associated with life insurance as individuals age and outlines key motivations for obtaining coverage, such as covering burial and final expenses, replacing lost income for dependents, and transferring wealth to heirs. Estimated costs for final expenses range from \$8,000 to \$12,000, which can be burdensome for those with limited savings. The analysis indicates that 72% of individuals with six months of savings hold life insurance, contrasting sharply with only 30% of those with less than a week of savings, revealing a significant protection gap for those who may struggle to cover final expenses. For families with dependents, life insurance is particularly crucial, with 66% of working-age respondents with children reporting they have a policy, compared to 60% of those without children. However, ownership rates are lower among Latinx, Black, and multiracial families, and single earners with dependents are especially vulnerable, as only 53% of these households have life insurance.

Additionally, life insurance serves as a means of wealth transfer, with inheritances making up about

19% of net wealth in U.S. households. The data shows that 74% of individuals with positive wealth have life insurance, yet 19% of those with net wealth over \$100,000 lack coverage. Interestingly, 45% of households with negative wealth report having life insurance, suggesting they may use it as a strategy to leave an inheritance despite lacking other assets. The conclusion stresses that many working-age Americans, particularly low-income families, are unprotected by life insurance, which can lead to financial burdens during challenging times. The report advocates for innovative approaches to policy delivery and pricing to enhance accessibility, particularly through employer-provided plans, which exhibit higher uptake rates. It suggests extending coverage to part-time and low-wage workers and enabling small businesses to pool resources for better rates. While basic group life insurance may not suffice for long-term support, the necessity for coverage remains critical, and financial advisors can play a significant role in assisting families in accessing life insurance to safeguard their futures.