



Life Without the Life Insurance Industry?

Even One Uninsured Single New Yorker Can Cause a Financial Ripple Effect

By Thomas E. Workman, President & CEO, Life Insurance Council of New York, Inc.

The life insurance industry serves a noble purpose in providing critical protection for our families and loved ones—enabling them to move on financially after a death or disability. This year through my column, I am writing about life without the life insurance industry and the resulting void that would be felt by New Yorkers. This month I am focusing my attention on the potential economic impact on families and even the state stemming from uninsured singles.

Unmarried American adults outnumber their married counterparts for the first time since the federal government began tracking that data in 1976, according to the Bureau of Labor Statistics. While we often hear stories about how life insurance protection helped a spouse stay at home with the children or keep the family home, don't think for one moment that singles don't need to secure life insurance protection. Singles can also be caregivers, own businesses and have debt. Without the protection of the life insurance industry, who or what will shield relatives or society in general from the cost of the untimely death or disability of single New Yorkers?

Life Insurance

For single parents or those singles caring for aging parents and siblings, a life insurance policy is critical to securing the financial protection needed for their loved ones. Life insurance can help fund care for aging relatives or help a guardian provide the care of a parent. Without this critical financial protection, who will provide that care? If there are other family members, maybe they can help. Or will surviving relatives need government assistance or even become wards of the state?

Also of concern is any debt left behind from outstanding loans without life insurance or the continuation of a small business without key person insurance. Without the life insurance industry providing coverage, these are examples of potentially direct and indirect costs to families and society.

Disability Insurance

Unexpected disability can happen to anyone at any age—single or not. According to the U.S. Social Security Administration, just over one in four of today's 20-year-olds will become disabled before they retire.

Without the life insurance industry, where would the financial protection come from? You may say workers' compensation, but the majority of disabilities, nearly 90 percent according to "Facts from LIMRA" 2013, are not work related and therefore not covered by workers' compensation. Most disabilities are borne out of illness rather than accidents.

Absent the life insurance industry, perhaps the best alternative is to set aside funds—in essence self insuring against the risk of disability. The typical duration of a disability is six months. How many people can save that much to cover their living expenses for that long? More troubling, what if the disability is long term? How much savings will be enough to cover the costs without risk of depleting all savings, losing his or her home or other assets, and needing government assistance?

Long Term Care Insurance

As more and more people grow older and live longer, another insurance need comes into play—long term care. This need

will grow in New York. In fact, according to the U.S. Census Bureau, 2.6 million people were aged 65 and over in New York in 2010. That number is expected to increase to 3.1 million by 2020 and 3.6 million by 2040.

While there is no breakdown of singles versus married people that I have found, it is safe to assume that the need for long-term care will be a problem for both groups. Without long-term care insurance the cost of such care shifts to others. Will government need to offer more in terms of financial assistance?

There should be no question that single New Yorkers need the solutions provided by the life insurance industry. Fortunately, there is a life insurance industry in New York State ready to help. Additional financial assistance from the government is not the answer. Creating public policy that fosters an environment where even more New Yorkers—single or otherwise—appreciate the need for, and secure life insurance protection, is a much more viable option.^[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.



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