First National Study Examines U.S. Buyers Of Critical Illness Insurance

The majority (89 percent) of critical illness insurance policies are purchased by individuals under the age of 45 according to the first national buyer study conducted by the American Association for Critical Illness Insurance. Nearly a quarter of individuals opt for low levels of coverage that provides tax-free, lump sum cash upon diagnosis of cancer, heart attack or stroke researchers report.

(FV Newswire) January 06, 2010 -- Nearly half of individuals purchasing critical illness insurance protection were under age 45 according to the first national study of buyers conducted by the American Association for Critical Illness Insurance.

The industry trade group released the findings today. One third (34 percent) of purchasers were between ages 45 and 54 and the majority (87%) purchased $50,000 or less in benefits. The study examined sales data for over 130,000 individual and voluntary worksite policies and certificates issued.

"Critical illness insurance is growing in acceptance as consumers understand the risk and financial exposure resulting from cancer, a heart attack or stroke," explains Jesse Slome, the organization's executive director. First introduced in the United States in 1996, some 600,000 individuals have purchased critical illness coverage available from about 20 insurance companies.

Nearly a quarter (24 percent) of individual buyers opted for coverage of less than $20,000 according to the study's findings. For those purchasing in the worksite setting, some 65 percent chose benefits of $20,000 or less.

The vast majority of purchasers do so prior to turning age 55. Among those purchasing individual critical illness insurance policies, 20 percent were under age 35; 27 percent were between ages 35 and 44 and 34 percent were between 45 and 54. Buyers purchasing coverage in the workplace were about the same age according to the Association report. Policies providing a $10,000 benefit for a 40 year old can range from $150 to $300-per-year.

Individual buyers tended to be male (52 percent versus 48 percent female) while those purchasing in the workplace were more likely to be female (59 percent versus 41 percent male).

"We anticipate the market for critical illness insurance products will increase in the years ahead," predicts Slome. The Association will undertake an aggressive consumer awareness campaign in 2010 to build an understanding of the benefits of the protection that is popular outside of the United States.

The American Association for Critical Illness Insurance is the national organization serving insurance and financial professionals who provide critical illness insurance solutions. The organization is headquartered in Los Angeles, Calif.

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