

Worldwide surge in purchase of life insurance in the wake of Covid-19

Issued by [Simply Financial Services](#)

5 Jun 2020

As the Covid-19 pandemic sweeps across the world, consumer behaviour around life insurance cover is changing fast. While some aspects of the new behaviour patterns are driven by lockdown-related restrictions, others are directly due to the way people are reacting to an uncertain future. Cape Town-based Insurtech Simply, has seen more than 40 percent month-on-month growth in life, disability and funeral cover sales since February.

One clear trend across the world has been an increased demand for online life assurance and related products. While some increase in demand, driven by increased fear and uncertainty, may have been predictable, the sheer scale of the increase has been remarkable - especially when one considers the extent to which economies are shutting down and disposable income is disappearing.

For example, Cape Town-based insurtech Simply Financial Services, a registered financial services provider that sells products underwritten by Old Mutual Alternative Risk Transfer Limited, has seen more than 40% month-on-month growth in its retail life, disability and funeral cover sales since February.

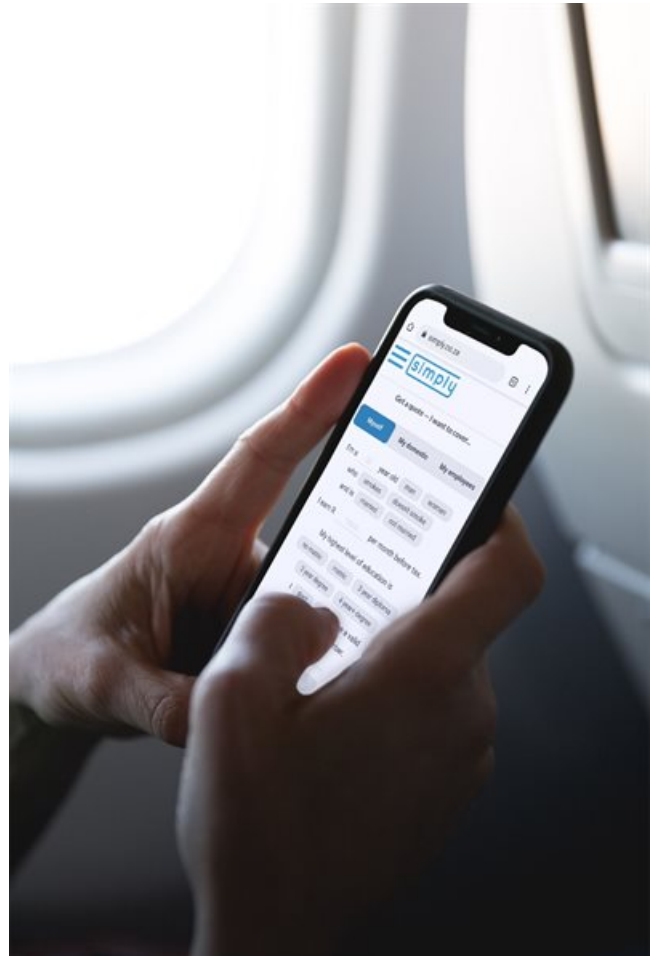
The company's CEO, Anthony Miller, says of this surge in demand: "There has been a seismic shift on the consumer side of the life insurance equation. The advent of Covid-19 has caused people to re-evaluate their lives as they sit at home viewing morbid images and absorbing stats around infections and fatalities. People are suddenly seeing death and disability as very real, and life cover for themselves and their families as a necessity rather than a luxury."

Another driver of increased demand for online life insurance products is the ease of access and quick turnaround times, with no blood tests or physical medical exams. "People are getting used to the digital economy where things are done remotely. It's the new normal. At Simply, we are following the world trend to offer these products online. It's a no-touch approach that suits the current environment," says Miller.

This is by no means only a South African phenomenon with similar stories coming out of the USA and elsewhere.

Vaidyanathan Ramani, of *Policybazaar.com*, echoed Miller's view on the shift in consumer psychology: "The rapid pace at which Covid-19 has spread globally has forced people to take insurance seriously, mostly health and life." Mark Jones, of *TechHQ.com*, concurred: "In the midst of the outbreak, there has been an influx in consumer demand for life insurance. Consumers want to get their finances in place and they need to do it as fast as possible, without leaving their homes."

Jennifer Fitzgerald, CEO of Policygenius, a leading US insurtech, said in an interview with McKinsey: "We track Google search trends as a leading indicator of consumer interest and we have seen the highest levels of consumer search traffic ever for life insurance specifically. Compared with the past several years, volumes in the first few months of this year are



Life insurance, all online

25-50% higher." Amy Danise of *Forbes.com* reinforced Fitzgerald's comments, reporting that "Fabric, which offers instant on-line life insurance and other financial help, says it has seen a 50 percent increase in life insurance applications since mid-February."

Coming back to the South Africa situation and how it may play out, it's clear Covid-19 has eerie parallels with the 1918 Spanish Flu pandemic. Rob Rose wrote in the *Financial Mail* in March that the Spanish Flu "swept through SA like a biblical plague, killing 300,000 people within two months, roughly 4.3% of the 6.8 million population at the time." He went on to say of SA's likely economic recovery: "There were some intriguing aspects to the post-1918 recovery that suggests the companies that will thrive aren't necessarily the ones you'd bet on. In particular, that Spanish Flu outbreak proved, as unlikely as it sounds, to be the making of SA's insurance industry."

According to Miller: "We have the benefit of improved medical knowledge and a multitude of communication methods, so we won't see anywhere near 4.3% of our population succumb to Covid-19. We will, however, see 10s of thousands of deaths from Covid-19 and many more as a consequence of government's lockdown strategy. Things are going to get worse before they get better and consumer fears and behaviours are going to change for good. Where the 1918 Spanish Flu was the making of the life insurance industry, the Covid-19 virus will cement its shift to digital."

Time will tell if he's right.

More information is available at www.simply.co.za

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