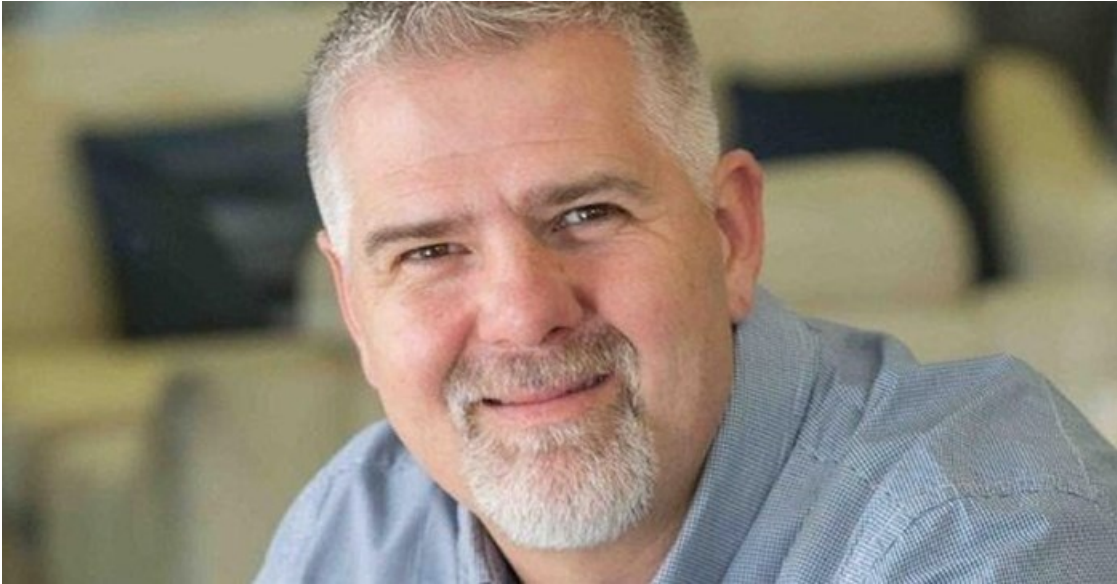


Past, present and future: all the ways Covid-19 has changed insurance

The Covid-19 pandemic has radically changed the insurance landscape, and will probably continue to for years to come. These changes range from how financial services and insurance businesses operate, what factors are considered in deciding who gets cover and how much, and how people protect themselves against risk in the future.



Craig Baker, CEO, MWay

So, what are these changes? And how should a policyholder navigate them best, to ensure the most protection for themselves and loved ones in these dangerous times?

Along came a virus

The first thing that has changed is that life insurance – long considered a grudge purchase – has suddenly seen a surge in interest as people are faced with the importance and uncertainty of life and health.

“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,” according to insurance magazine, *Cover*, in May.

The high numbers of critical illness and deaths have thrown the insurance industry into disarray. In America, for example, desperate applicants are being refused life insurance, a *Market Watch* article reported. Populations waking up to the value of life insurance as more than just a grudge purchase has happened closer to home, too.

Right now, life insurance is a very important thing to have. We have seen an uptick in new life insurance policies since the coronavirus pandemic started - our sign-up figures this month have almost doubled since last month. People are really understanding that there are no guarantees and how important it is to safeguard tomorrow today," says Craig Baker, CEO of MiWayLife .

The good news is, no one will be turned away in South Africa. At least – not yet.

Changes from within

Several barriers or potential future barriers exist for those who want to take out new life insurance policies in this time. Part of these are logistical, as internal operations at insurers have been severely affected by Covid-19 – which in turns has made it harder for some to get life insurance.

One example is the medical checks done by healthcare professionals – a standard part of signing up all new policyholders in South Africa. "Most of the medical staff are being applied to the fighting of the virus as opposed to doing medicals for new business and as such the ability to get life insurance going forward may become impacted, we're not sure right now," he says.

The lack of face-to-face advice due to lockdowns and social distancing has also meant that "the face to face selling of life insurance has affected the ability to reach clients", says Baker.

This may or may not give rise to innovation in the industry going forward, with more financial advice given over the internet or using technology such as Zoom or Microsoft Team, non-invasive medical screening procedures that can be done without contact or remotely and more. For now, however, such systems are not yet in place.

Changes we could see down the line

Coronavirus might also become an exclusion in future, as insurers fight to stem their enormous losses and to predict their margins going forward.

"Right now, we're starting to see some insurers screen out some people that could potentially be exposed to the coronavirus. The reason for this is simple – it's impossible to calculate what health risks they'll face. We're still not sure what the exact mortality rates will ultimately look like, or what the long-term damage is for people who have a significant exposure to the coronavirus, there could in time be additional requirements that are placed or additional exclusions that are placed on people that have suffered from the coronavirus in a severe way. It is reasonable to assume that there could be some lasting damage physiologically over the longer term, given what we've seen around the world," he says.

Additionally, "it is highly likely given the spread of the virus and the severity we're seeing, particularly for people of older ages, that there will come a time when insurers start looking at additional underwriting requirements, which could mean some terms and conditions change," says Baker.

If you have been exposed to Covid-19 you may be required to pay higher premiums, or find it difficult to obtain cover if you are elderly and at the highest risk of passing away due to coronavirus infection.

What you can do

The best weapon against such uncertainties is an existing insurance policy, says Baker. "If you have a life insurance policy now, most policies – certainly our policies – cannot change the terms and conditions after the point at which they were

taken out. My advice to people would be that if you're happy with your policy, make sure that you continue paying those premiums and continue keeping that policy in force. Nobody should have an exclusion for the coronavirus in place, should you have a policy in force now."

The value of life – and the life insurance to protect it – has come to the fore in the time of Covid-19. Regardless of how much the insurance industry has been disrupted by the pandemic, the pandemic itself is proving life insurance's worth. The golden ticket now, is to ensure you and your loved ones are properly covered – and to hold onto that coverage if you are.

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