# 3 questions to manage your insurance in lockdown

Insurance tends to be the first thing that falls away when finances get tight. But there are ways to save money without losing your cover.

Christelle Colman

**1. Financial difficulties, can't afford premiums?**

The best way to reduce premiums in lockdown – without abandoning cover altogether - is to reassess risk exposures and adjust cover accordingly.

Options include:

- Reducing cover temporarily. A massive premium saving can be realised, for example, by simply changing the cover on a vehicle not being used during lockdown from comprehensive to third party fire and theft.
- Increasing excesses in line with reduced risk. Preliminary numbers indicate that claims are decreasing in lockdown. If you live in a security complex, lockdown presents a great opportunity to increase the excess - or even temporarily cancel – vehicle, theft and all-risks policies. "Even a relatively small increase in excesses on any of these policies dramatically reduces premiums," says Christelle Colman from Old Mutual Insure. Since chances of vehicle damage, theft or robbery in lockdown have reduced if you are in financial difficulties, now would be the time to increase excesses on these covers,
- Premium discounts and waivers for designated essential service workers. If you are a doctor, nurse or other designated category of essential service provider, find out about - and make use of - any Covid-19-related premium discounts and excess waivers that insurers are offering.

Policy holders should, however, bear in mind that even while certain risks have reduced in lockdown, general risks like hail, earthquake, lightening, fire and flood remain unchanged. As recent, unseasonal, hailstorms on the highveld and heavy rains in Johannesburg show, "general risks remain relevant despite lockdown," says Colman.

The big warning here is to keep insuring assets that you are still financing, like a home or a car. While consumers can certainly increase excesses on assets under finance so as to reduce premiums during lockdown, "you don't want to be stuck paying the bond on a burned down house or paying off a stolen car when you emerge from lockdown," she says.

## 2. Need to reduce cover to match lower earnings?

Premium deferment or delayed payment options are being offered by most insurers to consumers impacted by reduced income as a result of Covid-19.

Clients can be offered various premium deferment options, with delayed pay-backs over set periods. Leniency on missed debit orders, “where customers have lost or have experienced reduced income because of Covid-19 is also available,” says Colman.

To support these initiatives, Old Mutual Insure has established a ‘Help U’ team of 50 insurance experts dedicated to reviewing premium relief requests across all commercial, agriculture and personal business lines. The team, “provides guidance and recommends interventions to assist customers maintain and manage essential and relevant cover in lockdown,” says Colman.

## 3. Need to avoid unnecessary premiums during and after lockdown?

To avoid unnecessary cover:

- Use brokers. They know the industry and are experienced in interrogating specific circumstances and risks. They are also experts in matching the right cover to your budget,. Most insurers also have extensive telesales teams specifically dedicated to guide consumers through lockdown and beyond. In today’s market consumers can, literally, personalise cover to suit their exact lockdown risks – and pocket.
- Keep up maintenance. A lot of claims are rejected as consumers have not adequately maintained their property or vehicle. “Insurance is not a maintenance plan,” says Colman. Consumers should use any spare time they have in lockdown to maintain their property, only purchasing cover for risks that threaten their financial well-being, the quality of their lifestyles, or for major loss events that could derail their personal or family growth ambitions.
- Update the contents and value of policies. Too many policy holders, “pay unnecessarily high premiums on possessions they no longer have or at inflated valuations,” adds Colman. As the content and value of consumers’ possessions change, as things break, get lost or are replaced, “be sure that the detail and the value of your household contents is correctly listed in your policy,” says Colman.

## Emerging from lockdown future-fit and ready for recovery

Even if policy holders are not financially challenged by lockdown, everyone will find themselves in a much tougher economy afterwards, which coincided with South Africa’s loss of its last investment-grade sovereign rating.

In this much more difficult economy, paying only for cover that’s absolutely necessary will be essential. Consumers should use lockdown to interrogate all their polices, contents, premiums and payments, “slimming their cover to the essentials required for survival in an extremely challenging post-lockdown economy, says Colman.

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