

Hollard plugs the market's widening gap of under-insurance

Hollard is transforming life insurance by offering simplified, hassle-free life insurance packages to the broader market and to first-time policyholders.



Source: [Fxabay](#)

As part of this ambitious attempt to expand long-term insurance cover to the broader market, Hollard will supplement the product range with an education drive, aimed at informing consumers of the importance of life-insurance cover.

The product range, known as Hollard Life Select, is centred around a fully underwritten, no-frills life policy that speeds up the application process for customers. The streamlined product is then tailored to meet customers' unique financial needs.

Mark Berrington, head of strategy and insights at Hollard's Life Solutions division, shares that studies have found that many South Africans are grossly under-insured, leaving their dependents in dire financial circumstances when the main breadwinner passes away, loses their job or is afflicted with a critical illness or disability that renders them unable to work.

According to the Financial Sector Conduct Authority's (FSCA) *2022 Financial Sector Outlook Study*, only 10% of South African consumers have life insurance. This is down from 12% in 2019.

Gerhard van Wyngaardt, executive head of actuarial at Hollard Life Solutions, explains that Hollard Life Select is designed to provide an affordable, simplified solution to bridging the gap of under-insurance in the market.

Hollard Life Select includes several benefits for the life-insurance consumer but also assists financial advisors in explaining the product. Firstly, the policy wording and marketing material have been greatly simplified, making it easily understandable.

“We have spent significant focus on finding the right balance in offering simplicity without compromising cover to adequately protect policyholders against all serious illnesses,” highlights van Wyngaardt.

He says: “We wanted to give consumers the ability to easily comprehend what they are covered for, while making it less cumbersome for intermediaries to explain its benefits.”

The revamped product also has fewer than 100 permutations, down from more than 3,600 in previous versions – which made it complex for financial advisors to sell and difficult for customers to understand and buy.



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“This has been achieved by removing benefit variations with low utilisation by our customers. The process has not compromised benefits but has enabled us to provide policyholders with best-of-breed benefits only,” says van Wyngaardt.

In keeping with Hollard’s reputation for creating life-insurance policies with the fewest exclusions, the new product range once again contains a minimal number of material exclusions, providing policyholders with the highest possible degree of certainty when it comes to benefit payouts. For the intermediary or financial advisors, this reduces the risk of unmet customer expectations.

Financial education gap

The slow uptake of life insurance in the lower- and middle-income bracket can be ascribed in part to general misperceptions that life insurance only covers the policyholder in the event of death. This is not the case, as life insurance is a complex and multi-faceted product that also provides additional cover benefits such as for critical illness, disability and unforeseen life eventualities that may render the policyholder unable to earn an income.

Farhaana Baartman, head of marketing and customer at Hollard Life Solutions, notes that the misperceptions in the market about life insurance necessitate the amplification of financial education so that the myths that leave many people financially vulnerable can be debunked.

According to Baartman, there is a need for better education around life insurance and the various products that fall under this product category with their associated benefits. Only 56% of consumers are aware of life-insurance products, according to the *2020 Financial Literacy in South Africa Baseline Survey Study*.

“Moreover, a large portion of South Africans have misconceptions about life insurance, including that life cover is just for rich people or for those with families. As such, an education gap exists in that everyone should know that they need to be covered and should have some form of life cover in place,” she says.

She explains that the decision to simplify, democratise and expand life-insurance products to the broader market is underpinned by a marketing campaign dubbed *Let's Get Living*.

Covid-19 and *Let's Get Living*

Baartman explains, "*Let's Get Living* is an apt way of celebrating the resumption of normalcy after the outbreak of Covid-19. While substantially decreased mortality is a cause for celebration in and of itself, many of us are still apprehensive of venturing out or being in public spaces such as shopping malls because of fears of contracting the virus."



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Let's Get Living is a campaign that gives expression to these concerns and calls on consumers to continue to live their lives while ensuring that they take the necessary precautions to safeguard themselves and their financial well-being.

Interventions put in place to drive financial inclusivity

Baartman explains that the revised life-insurance products have addressed the pain points that many consumers have identified as barriers to taking out a life-insurance policy. These include long and tedious application processes, complexity in policy wordings, a disconnect between premiums and perceived value, as well as general financial literacy.

In addition to creating a simplified and accessible product, Hollard has also made it easier for prospective policyholders to complete their applications and underwriting requirements, through the launch of a digital solution for intermediaries – called Holly.

The solution, developed in conjunction with reinsurance giant, Hannover Re, shortens the sales cycle for financial advisors and provides a technologically advanced and environmentally friendly solution, as all documents are signed digitally.

Baartman points out that while there are various ways that consumers may sign up for life-insurance products, such as using online platforms, the use of financial advisors can provide invaluable interpersonal communication that facilitates a transparent and trustworthy environment.

"The guidance provided by a financial advisor can help to make a final purchase decision, which parties can often finalise on the same day, as the advisor handles everything and client involvement is minimal.

"For many consumers, the journey with a trusted advisor is less stressful, simpler, and pain-free when the financial advisor helps to make sure that the product meets the client's needs." Baartman concludes.

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