

# Naked Insurance reduced premiums during lockdown



By [Evan-Lee Courie](#)

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#TheLockdownSeries explores the impact of the Covid-19 pandemic on businesses, how they prepared for lockdown and its impacts on operations and employees, as well as lessons learned that we can take into the post-Covid-19 era.



Sumarie Greybe, co-founder of Naked Insurance

During the nationwide lockdown, [Naked Insurance](#) offered a solution to all those postponed and cancelled concerts and performances. The #GetNakedatHome sessions feature well-known and emerging artists as well as comedians who each stream their shows on Instagram Live.

Sumarie Greybe, co-founder of the [award-winning](#) insurance platform, shares how Covid-19 has impacted business...

## ■ ***How has Covid-19 impacted your business?***

Our team is digitally enabled and many of our people work remotely some of the time, so it has largely been business as usual for us. Services such as claims reporting and emergency services on our app and our emergency line are operational. Because panel beaters and other providers are closed, we can't get clients' homes or cars repaired for now, but fortunately, we can still offer emergency services like plumbing and towing to our policyholders.

## ■ ***How did you prepare for the lockdown?***

We did not need much to get ready for the lockdown because our business is fully digital and built on two core principles:

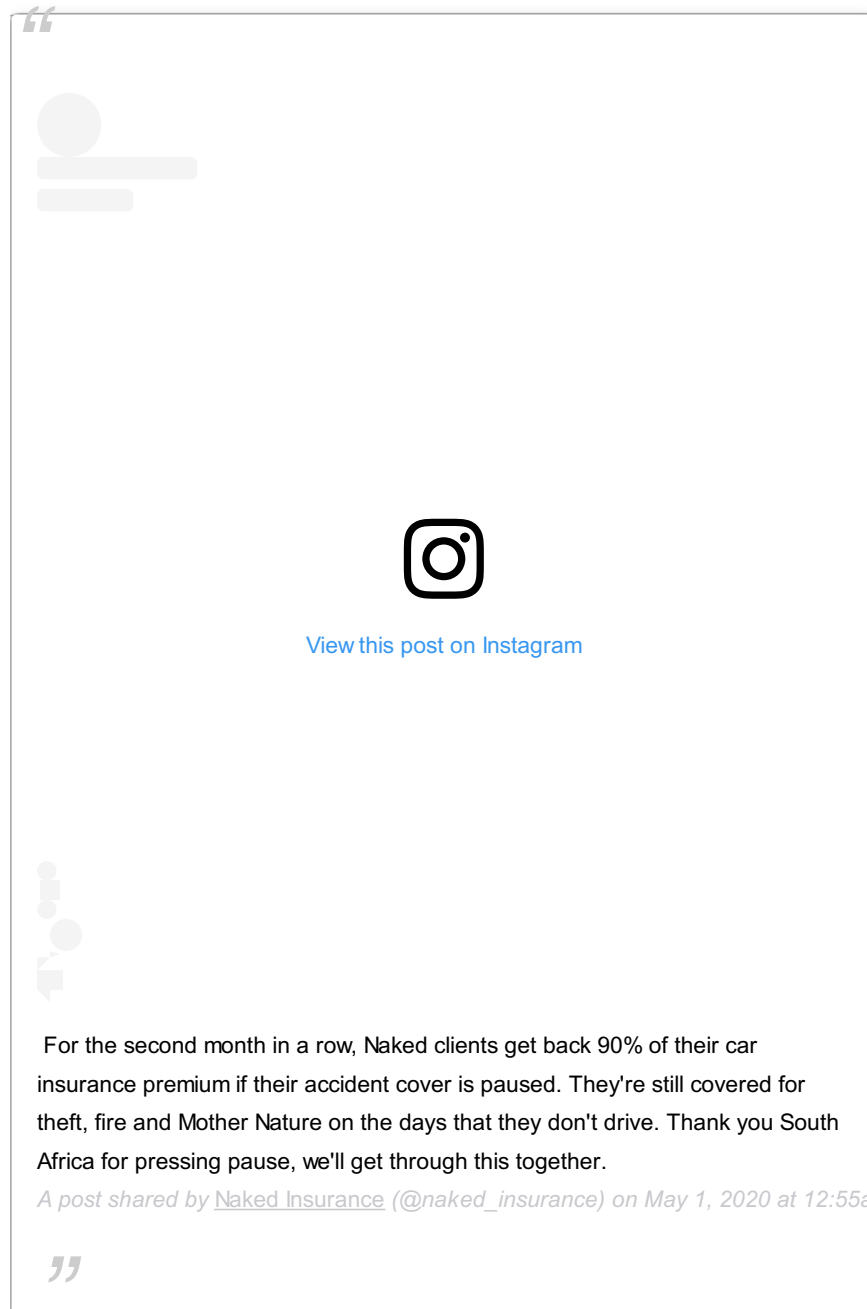
- Automated processes and client self-service (via app and website) for sales, billing, policy changes, claims and all

related services.

- Extremely high levels of customer word of mouth and low-cost digital distribution.

📌 ***What's the biggest challenge you are facing during this pandemic?***

Like most businesses, we are concerned about systemic damage to the economy in the longer term. There is a risk that people will cancel financial services products if they are under financial pressure, especially if they are not aware that there are alternative options. For example, our customers can currently save up to 90% by using CoverPause on the days they're not driving.



📌 ***What sort of assistance will you need going forward?***

Much will depend on how long the lockdown and related restrictions last, but we believe that we have the funding and business model we need to navigate this difficult time. We hope that the government's stimulus measures will reinvigorate the economy so that we can keep growing in the months after the lockdown.

📌 ***If you are able to operate, what steps are you taking to continue operating?***

Most of Naked's services and teams are operating as usual. Clients can get quotes, buy, manage their policies and claim in their own time on the Naked app. Our operations team is on call to support clients who need to claim or need assistance.

We have put some team measures in place, like virtual stand-ups in the mornings and afternoons to ensure maximum efficiency.

### ■ **What measures have you put in place for your employees?**

Before Covid-19, we already made extensive use of digital collaboration tools, and this means we are able to run continuous operations with similar levels of productivity in the lockdown period. In fact, we made changes to our CoverPause product feature for Covid-19, and we were able to work on this major project from home with no difficulty.

“ We use collaboration tools like Slack, Miro and Google Drive as well as meeting tools like Google Hangouts and Zoom – whenever possible, we keep video on so that we can hear and see each other and connect professionally and personally. ”

We “ ” ar virtual team drinks and quiz nights.



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In the midst of this crazy time, Naked turned two over the weekend. Like so many, we're celebrating with digital cupcakes and candles 🎂🕯️ Two years ago, we opened our virtual doors and since then, tens of thousands of people have enjoyed chatting to Rose to get their insurance sorted in record time. We're grateful to our clients for their support, but also to those who keep spreading the word. This journey has been fun and we're excited to keep changing the future of insurance in even more ways.

A post shared by [Naked Insurance \(@naked\\_insurance\)](#) on Apr 12, 2020 at 11:08pm PDT

### 📌 **What has been your biggest lesson from all this?**

The global lockdown and massive shift in consumer behaviour show how important it is for any business to remain agile and responsive in a fast-changing world. Businesses need to be set up to respond rapidly to market volatility and changing customer needs.

For example, following the shutdown of non-essential economic activity, vehicle activity subsequently plummeted by 75% as South Africans did their part to flatten the curve. We recognised the reduced risk and knew we had to respond quickly to assist our clients by reducing premiums when they are not driving.

### 📌 **How are you offering assistance to your customers who rely on your services?**

CoverPause has benefited our customers during the lockdown. The Naked Insurance app has always allowed you to pause the accident portion of your car insurance cover and downgrade to stationary cover on the days that you're not driving, with a single tap. You can usually save up to 50% on your premium and still be covered for theft, fire, natural disasters or anything else that can happen to your car while it is parked.

“ 46% of cars that used CoverPause during the first 35 days of lockdown, did so for 33+ days, getting close to 90% of their normal premium back. The average total days paused was 27.1 days. Well done South Africa! #CoverPause [pic.twitter.com/2RKGjdeBHt](https://pic.twitter.com/2RKGjdeBHt)— Naked\_Insurance (@Naked\_insurance) May 2, 2020 ”

When the lockdown started, we recognised the reduced risk while people are stuck at home and reduced premiums even further. When our clients pause their cover, they will only pay roughly 10% of the normal comprehensive car insurance premium until end June 2020.

This huge saving has been welcomed by clients and we've seen most clients pause their accident cover on the Naked app.

### 📌 **Are you communicating with your customers? If so, how?**

Yes, we have been communicating with our customers through email, in-app messages and social media.

### 📌 **What do you predict the next 6 months will be like?**

Covid-19 will change what we believe to be normal and desirable in many aspects of our lives. We predict that many South African companies will be more open to flexible work-from-home arrangements following the relative ease with which large segments of their workforce have taken to remote work. The result could be fewer private cars on the road during commuting hours, along with a reduced need for insurance cover.

“ If more people work from home more often, it could have a significant impact on car ownership, traffic and car insurance actuarial models. We could see some households question whether their insurance cover meets their needs when they rarely use one of the cars parked in the garage. ”

People may also trade more expensive and luxurious vehicles down for more cost-effective alternatives rather than completely getting rid of a second car. But they'll be looking for insurance that is reasonably priced for the amount of driving they do and the vehicle they own. What is very clear is that it can no longer be business as usual for car insurance. Not only are driving habits changing, but people are also looking for more transparent pricing and flexible offerings.

### 📌 **Now is the time to innovate and experiment. What is Naked Insurance doing?**

We continue to assess risk during the lockdown and will continue to do so post lockdown to ensure we remain as fair to our customers as possible. While our reduced CoverPause rates will apply until 30 June 2020, our technology allows the flexibility to change and lower rates post the Covid-19 pandemic if we find there are significant changes in people's behaviour.

We are excited that beyond the obvious benefits of technology (convenience, efficiency, and cost savings in real-time) there are more innovations we can offer in the months to come.

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