

# A rethink of **PRODUCT**

We spoke to a few insurers about the life insurance sector and whether the current trends are shaking up and transforming the industry.

Times have changed, and the principles of diversion have changed. With this, do life insurers need to rethink product strategies?

## Significant developments

There is a definite need for life insurers to rethink their product strategies, but not because of increased capital market volatility amid stricter regulations.

Rather, life insurers need to evolve with the market as consumers themselves are changing. While a need for the financial safety and security provided by life insurance remains, technology is reshaping the way insurers reach consumers and meet their requirements.

The greatest disruption is emerging from advances in medical technology. Advances in medical technology such as DNA testing and gene splicing are redefining the nature of long term risks by extending longevity and effectively treating what were previously incurable diseases. For instance, a condition like HIV, which was a global pandemic, is now treatable as a chronic condition that no longer attracts exclusions.

There have been significant developments in disability and critical illness benefits, but these have come from advances in diagnostic capabilities and medical treatment options. Definitions of what constitutes valid claims are therefore being redefined and are in a constant state of flux as new treatments emerge. These advances have made life-threatening illnesses treatable as chronic conditions, while definitions of what constitutes a permanent disability or functional impairment that precludes a policyholder from working has also changed as many medical interventions are now able to restore some degree of function. At current rates of advancement, further innovations are imminent.



Walter van der Merwe  
Chief Executive Officer  
Fedgroup Life

## Insurance models going forward

There have been a number of groundbreaking changes in the diagnosis, treatment and management of medical conditions. A good example would be that of cancer. With the improved treatment and outcomes for cancer patients, there is the risk of later relapses.

The world is moving towards the digitisation of both sales and servicing post-sales and no business, including insurance, is immune to this rapid and continuous shift in technology and customer expectations. South Africa has an increasingly connected population and Discovery has begun using this to connect with our clients, whether it be through sensors to track wellness and health management or a simpler means to share information and create awareness. Without disruption, there would be no innovation. We see this as a most welcomed challenge for our market to move forward.

Millennials seek instant gratification and live dynamic lifestyles that are digitally driven. South Africa has a growing middle-class due to a very ambitious generation of Millennials. A growing middle-class creates much more wealth to protect and the affordability to do so. Translating this to a life insurance need, Millennials require protection of their fast-paced lifestyle and various unique commitments, with cover that automatically adjusts to changes in their life and to higher potential earnings.

The life insurance industry has seen an array of product innovations with very little being done around a unique product tailored to the distinct needs of Millennials. Millennials have, in some way, paved the way for our insurance models going forward.



Gareth Friedlander  
Head of Research and Development  
Discovery Life