

Get off Autopilot and Reduce Insurance Costs During the Pandemic

Amidst the pandemic, many of us still operate on autopilot when it comes to insurance. We may renew our standard car insurance even when we're driving less or renew an annual travel insurance policy even though we're not traveling. We may also skip home or cyber insurance despite buying things to work at home and facing cyber-attack risks. Reviewing and changing policies can reduce costs or give you the new protection you need.

The New Insurance Environment

Along with the disruptions to our work or home lives and the devastation caused by the disease, the Covid-19 pandemic has indeed changed how many need to protect ourselves with insurance.

More consumers are looking for critical illness policies with early and multiple-claim designs, Aviva Singapore told CNA. Prudential Singapore has seen greater interest in "bite-sized (insurance) with lower entry-level premiums", such as a 12-month plan that covers up to S\$10,000 against prostate cancer for as little as S\$5. And life insurers have seen higher demand for some of their insurance products amidst the COVID-19 pandemic, CNA observed, as people rethink their health and financial plans.

On the other hand, our habits have also led to changes such traveling less or not at all and driving less as we go out for meals or shopping less often. Despite those shifts, our insurance maybe the same as before the pandemic.

These and a variety of other changes have, whether we realise it or not, changed how we should approach insurance.

Types of Insurance

Before we look at what changes to make to our insurance, it is important to step back and consider the types of policies available. With all the changes in our lives, there may be some types of insurance we have and no longer need or other types we had ignored in the past and may need for our new lifestyle. The insurance many people consider include:

- Health insurance, Supplementary medical expense or private medical insurance
- Hospital cash
- Disability insurance
- Critical illness coverage
- Life insurance
- Personal accident
- Long term care
- Home insurance
- Travel insurance
- Automobile insurance
- Maid insurance

How to Reduce your Costs

The easiest way to cut insurance costs, especially if you are not traveling, is to stop buying travel insurance. You can buy insurance if you start traveling again and make sure annual or other regular policies don't automatically renew.

Beyond travel, a good place to start is by reducing your automobile insurance costs, since many of us are driving less now.

You can save up to 35 percent on your car insurance premium, ValueChampion advises, if you install a telematics device in your car that monitors mileage and driving performance remotely by tracking factors such as speed, braking and acceleration. NTUC, for instance, gives you 35 percent off your premiums if your mileage is below 5,000 kilometres a year and 20 percent off with annual mileage of 5,000 to 9,000 kilometres per year. To make sure you're buying the right policy at the right price, you can use MoneySmart or another online platform to compare prices.

You can also reduce your car insurance costs, SGCarMart suggests, with a no-claim discount, a higher excess, going to insurer-authorized workshops, opting out of personal accident coverage related to your car, and not adding named drivers.

You can also reduce your life insurance costs by switching from a whole life policy that many people consider to be an investment to term insurance that just covers your life in case something happens. Term insurance can be far less expensive. Indeed, Aviva Singapore told CNA that more consumers here are interested in term and whole life insurance plans.

On the other hand, you may need some new insurance that increases your costs.

When you work from home, AXA Singapore observed, you may have upgraded your workstation with a more powerful laptop, an ergonomic chair, a better desk, cameras, microphones and more. If you have more than before, it is important to make sure that your home insurance keeps up with the changes so that you are protected.

When you're online more, you may also be exposed to cyber-threats such as a data breaches, privacy invasions, ransomware, damages to your e-reputation, fraudulent transactions on your credit card or theft of personal information. Etiqa, AXA, Prudential and other companies have insurance specifically to protect against cyber-risks.

Some consumers are also either adding or increasing their critical care insurance, which covers conditions such as multi-stage critical illnesses or relapses. AIA Singapore, for instance, told the Straits Times that it saw a 44 percent increase in sales of its critical cover plan. "The Covid-19 pandemic has resulted in Singaporeans becoming more aware of protecting themselves and their loved ones in the event of critical illness, hospitalisation and death," said Tay Jin Li, AIA's head of product and funds development, implementation and distribution.

Re-examining your insurance policies won't automatically save you money, particularly if you find you need more insurance for your new lifestyle. By spending just a little time looking at your policies, though, you can save money by not paying for insurance you're not actually using and get better protection for new risks in your new lifestyle.