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Here are four big trends we can expect from the industry in 2021, and, not surprisingly, they're all largely driven by the pandemic.

Last year came in like a wrecking ball. In February, we were still planning our Easter long weekends. Barely a month later, we were in hard lockdown. The Year of the Coronavirus caused havoc in economies, businesses, and the lives of people across the world. Like most industries, the short-term insurance industry had to adapt quickly to the new reality.

Usage-based insurance takes off

Usage-based insurance is probably the hottest trend in the global insurance industry right now. In the US, companies like the San Francisco-based Metromile offer pay-per-mile insurance and a driving app, while Slice is growing market share in the US and Canada for a range of pay-as-you-use short-term insurance products.

In South Africa, a growing number of companies are bringing usage-based products to market, including King Price's **chilli**, which was launched during lockdown, and bases premiums on the number of kilometres that clients drive per month, as well as the value of their cars and their personal risk profiles.

With car usage in South Africa down 30% since the pandemic struck, clients simply don't want to pay full insurance premiums for assets that are standing idle for most of the time. We're now

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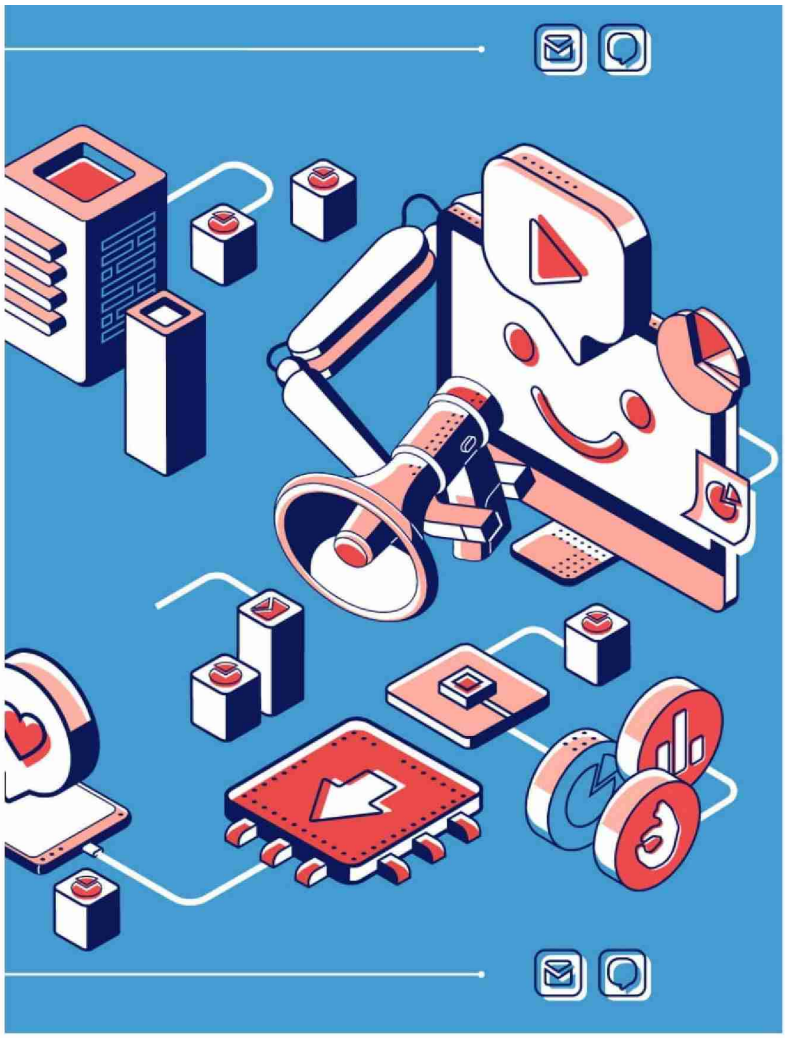

seeing usage-based insurance extending into areas like agriculture as well, where farmers only pay when they use their expensive machinery. Where will it pop up next? Watch this space.

The rise of the machines

We've been talking about technology being the biggest disruptor in the insurance industry for some time now. This trend is only going to grow exponentially in 2021 as insurers look to digitally transform their operations for a socially distanced world.

At King Price, we often say we're a technology company that just happens to sell insurance.

The game-changer has been AI and data analysis, which is transforming our claims and underwriting processes. Where AI used to be prohibitively expensive, it can now integrate multiple disconnected sources of data within a company and make sense of what's useful and what's not – in a very cost-effective manner.

Going forward, AI will allow insurers to provide an even smoother customer experience, with personalised interactions based on client data, while they will increasingly be able to customise cover for specific items and events. It will also be quicker and easier to settle and pay claims following an accident, while decreasing the likelihood of fraud.

A realisation that insurance is essential

Most people engage in basic risk management every day without even thinking twice about it: We drive responsibly, we lock our houses and our cars, we keep our wallets and mobile phones safe. But Covid-19 shook us to our core and made us question how prepared we are for a crisis.

In insurance terms, risk is the chance that something unexpected can happen and cause loss of or damage to valuable property and belongings, or injury to someone. Impacted by Covid, people are re-evaluating their finances and their lives, and we're seeing a greater need from consumers to know exactly what their own risks are, how they can reduce the likelihood of these risks occurring, and how they can reduce the impact if they do occur.

It's not going to result in a sudden boom in insurance policies. But we are seeing a more considered approach to insurance – and in a country where only 3 out of every 10 cars on the road are insured, that's a huge positive for everyone.

A renewed focus on culture

For many South African companies, the Covid-19 outbreak was their first real experience of remote working. At first, everybody loved it: They got to avoid their daily commute and work in their pyjamas. Then reality set in, as businesses and employees alike struggled to adapt to the new world of WFH (working from home).

One of the challenges is that, while it's relatively easy to keep remote teams on track work-wise, it's harder to keep your organisational culture alive when everyone's suddenly no longer together under one roof. Culture is the one thing that sets you apart from everybody else in the industry – and it's particularly important, as 2021 seems like it won't be much different to 2020 in terms of working remotely and Covid-anxiety.

Right now, it's critical for insurers to show their clients that they're the top priority, and to go the extra mile for them. This can only happen in a business with a strong culture that's based on purpose and values. In 2021, we'll see a greater focus than ever on company culture, and how to bring that to life.

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