

Response for Fibre Tiger

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Response by Ernest North, co-founder of Naked

Why our premiums are low in general

Naked runs a lean business without the expensive back-office and call centre infrastructure, high customer acquisition costs or overheads of a traditional insurance provider. Our customers enjoy the savings of lower premiums that come from dealing with an automated service provider. We are able to run a cost-efficient business because we use self-service and automation to drive all of our processes—customers can get a quote, sign up and claim online.

Furthermore, we use sophisticated artificial intelligence (AI) for better risk classification and fraud identification. Traditional insurers only have limited data points to make decisions. Naked, by contrast, uses rich data and AI to make sound decisions on claims, premium pricing and other elements of the insurance experience.

The result is that good customers (the honest and responsible 99%) enjoy a great customer experience with near-instant claim payouts, while our system also outperforms traditional insurance in flagging fraudulent cases. Reducing fraudulent payouts reduces costs, which ultimately results in lower premiums for good customers.

Finally, we have left behind the age-old industry practice of price negotiation - our first quote is the best and only quote we will generate for a customer. Most other insurance providers will quote higher initial prices or premiums, and then adjust them downwards only when a customer challenges them. See more at <https://www.naked.insure/blog/insurenaked/the-non-discount-all-discount-insurance-really>.

So, there is no catch, just insurance without unnecessary costs or hidden agendas.

Comment on single item insurance versus home contents insurance

More customers, especially younger people, are purchasing single item cover than before. Our users have the choice of buying standalone cover for an individual item (i.e. not part of a home contents policy) or insuring a valuable item as part of a home contents policy.

Contents policies (with cover for specified items) still dominate the market because they are better value for money and include perks like liability cover and emergency assistance. The pricing for a contents policy will generally be lower than insuring a number of items on a standalone basis.

The key benefits of single item cover are:

- It's affordable if you only own one or two items you really care about, like a laptop or mountain bike.

- If you want a lower or higher excess for a specific item, you can buy standalone cover and pick an excess as low as R500 or as high as R10,000. On a contents policy, a specified item is still subject to the excess of the entire policy.

Digital platforms like Naked enable people to quickly get a quote for insuring a standalone item within a matter of seconds, and the premium will usually be lower than purchasing cover through the retailer where they bought a smartphone or another big-ticket item.

Scope of cover*

See page 23/24 of <https://docs.naked.insure/Naked%20Policy%20Wording%20-%20Renter.pdf>

See page 4/5 of

<https://docs.naked.insure/Naked%20Policy%20Wording%20-%20Individual%20Things.pdf>

Both options provide **full cover for any loss or accidental damage, anywhere in the world**, subject to standard exclusions like

- General wear & tear
- Manufacturer error
- Theft from an unattended vehicle: There is no cover for theft from an unattended vehicle, except in the following instances:
 - The vehicle itself is securely parked (for instance inside a locked building or behind locked gates), and there are clear signs of forcible or violent entry into the building or the premises.
 - The vehicle is locked, there are clear signs of forced entry and the item is out of view, for instance inside a locked boot, inside the glove compartment or under a seat.
- Theft or malicious and accidental damage to your insured items left in a house that is lent, let or sub-let.
- You fail to maintain your insured property and take all reasonable steps to prevent loss or damage, and to minimise the cost of a claim.
 - Example: You must make sure that the gutters of your building are cleaned regularly to prevent your building being flooded by overflowing gutters during a storm.
 - Example: Don't give your iPad to your 4-year old during bathtime and don't keep your phone in your pocket when skydiving.
- You fail to comply with the law, including any by-laws and regulations relevant to your property (i.e. you were using the insured items in connection with a criminal offence).

**Cover is underwritten by the Hollard Insurance Company.*