



## Press Release:

### Research debunks myth about life cover

Life insurance, a product once perceived as a luxury purchase made mostly by married couples and young families with kids is no longer the norm according to a recent study conducted by [Olico](#), one of South Africa's largest direct marketing companies. In a study of more than 10 000 applicants who applied to the many life insurance products they market, it was found that the most common buyer of life cover is neither married, has kids, nor does she or he own a home. In fact, it's becoming a more popular choice for South Africans as the rising middle class is buying more aspirational insurance products.

Head of Sales at Olico, Gareth Mountain says: "There are a number of reasons why people take out life cover. For some it's to provide a lump sum of money in the event of their own death. Or to provide a lump sum for someone else's life in the event of their death. Often the payout is used to cover any debt left by the deceased that that would need to continue for a number of years or to sustain the family of the deceased who is often the primary breadwinner. Payouts usually run from R100 000 up to millions of Rands."

While life insurance is very different to a funeral plan, a funeral plan has traditionally been the more popular of the two in South Africa. Funeral plans are used to pay for funerals and cover costs of the headstones. They can cover many family members under one policy. While the premiums are lower the payouts are lower when compared with life insurance payouts.

This research reveals specific details about the characteristic of people who applied for the life cover.

#### **Firstly, the median profile had to be determined:**

- Age: 30-39

- Has good credit (i.e. has a credit card, but no personal loan)
- Has children
- Has a cellphone contract and credit card
- Black
- Car owner, but not a homeowner
- Full-time employment (but not by the government)
- Not married

**Based on this median profile, which is considered to be the most common profile and not the average, some further interesting analysis was done:**

- The white population is 2.8% more likely to have life insurance compared to the median.
- Self-employed people are 10.9% less likely to have life insurance, whereas government employees are 4.8% more likely to have life insurance than the median.
- Those that earn over R45 000 per month are only 6.9% more likely to have life insurance than the median.
- People that do not own a car are 17.1% less likely to have life insurance than the median, whereas home owners are 9% more likely to have life insurance than the median.

**Interesting findings include:**

1. Younger people are the most common owners of life insurance, moving away from mass marketing funeral plans, as they can now afford more cover. Traditionally, life insurance has been bought by young families with kids, who have debt (home loans). This research shows that the most common buyer is in fact not married with kids, and does not own a home.
2. Those that have life insurance tend to have a number of different financial products (credit card, a car, etc) and have a more sophisticated outlook when it comes to their financial affairs.

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Lending and Innovation Company, Olico, is an online and mobile marketing partner. It offers an end-to-end service, enabling financial service providers or other advertisers to market and sell their products in a highly targetable way. Olico works with blue-chips Liberty, Sanlam, Hollard, RCS, 1life Direct and many more, using a CPL or CPA model, generating over 10 000 insurance sales and over 100 000 loan

applications per month. Olico was founded by Mike Kann in 2013. It is a member of the DMA and is POPI compliant. For more information please go to [www.olico.co.za](http://www.olico.co.za)