

Simplify Life Insurance

Simplify Life (<https://www.simplify.com.hk>) is the first digital platform that offers customers a dynamic term-life policy with coverage that adjusts as they hit major life milestones. Our mission is to:

- (1) Get rid of the mortality coverage gap in Asia by making life insurance tailored, transparent, and simple.
- (2) Providing customers with the coverage that they actually need. Most customers with their existing life policies are either over or under-insured, and they don't even realize it.

What's Causing The Mortality Coverage Gap?

Asia has a mortality coverage gap of \$57,794 billion USD. This puts real financial hardship on families who are hit by an unexpected death of their breadwinner. Hong Kong, the first market which Simplify launched in, has the second highest mortality protection gap in Asia at \$286,512 USD per working person with dependents. In order to understand the potential drivers of this problem, we spoke with people to understand their perceptions about life insurance. Three insights stood out:

- (1) *Consumers felt that life insurance was very complex.* The product descriptions and applications are filled with jargon and small fine print. The process of buying a policy could take more than a month, especially if a customer has to take an invasive medical test as a part of the underwriting process. Because of that, the drop-off rate when buying life insurance can be up to 80%.
- (2) *Customers are not sure if the life insurance they buy is best suited for their needs.* In Asia, the majority of policies are bought through an agent or broker with little involvement from the customer. With the cost of a policy being over \$10,000 USD (if not \$100,000 USD), it is one of the few instances where a person is comfortable delegating the purchase of a big-ticket item to someone else.

On the flip side, agents may not always recommend the product that is best suited for the customer. For most of the population, buying term life ensures that their families get the full amount of protection they need. However, given their lower premiums, agents are less incentivized to offer term life to their clients because the commissions are lower.

Because of the misalignment in incentives, customers may not always end up with the product that matches their individual needs. Customers may also pay hidden fees for investment-linked or whole-life policies which dampen the returns they would have received if they had bought a term life policy and invested the remaining premiums.

- (3) *Customers who have life insurance realize that the policy they bought is no longer the right one for them as their coverage needs have changed.* For example, a person who buys a term-life policy at the age of 30 when he/she is married, has a mortgage, and is

thinking about having children, will want a high amount of coverage given his/her financial responsibilities. Over time though, the children graduate, the mortgage gets paid off, and more money is saved for retirement. As customers hit these life milestones, they don't need as much life-insurance coverage. Traditional term-life products do not tailor to these changing needs, making people over and under-insured over the lifetime of their policy

Making Life Insurance Tailored, Transparent, and Simple

Simplify Life was built to make the experience of buying life insurance as seamless possible:

- (1) We kept the application simple, getting rid of the jargon and making the questions personable. The medical test was replaced with a health-and-lifestyle questionnaire which enabled the customer to get a quote and buy a policy in under 15 minutes.
- (2) Based on the responses to a series of questions around the customer's current life situation and goals, we recommend the coverage amount he/she should purchase across various categories (income replacement, children's education costs, mortgage) and explain how they were calculated.
- (3) The policies we offer have different coverage amounts as customers hit different stages of their life. For example, Mary is currently 35-years old and plans to retire at the age of 65. She is also saving for a 5-year-old's university education and has a mortgage with 10 years remaining on it. A term-life plan with Simplify could look like this:

| Policy Year | Total Coverage (HKD) | Monthly Premiums (HKD) | Milestones in Life |
|-------------|----------------------|------------------------|---|
| 1 – 10 | \$4,500,000 | \$628 | Mary needs the most amount of coverage for the first ten years because this is when she has the most financial responsibilities to worry about. |
| 11 – 20 | \$3,500,000 | \$523 | Mary finishes paying the mortgage and no longer needs to worry about leaving that debt for the family. The coverage on her policy can decrease, leading to a reduction in premiums. |
| 21 – 30 | \$2,500,000 | \$400 | Mary's child has graduated from university and can afford to lower her coverage again. This lowers the premiums on the remaining ten years of the policy. |

By offering a policy that changes with our customers, we ensure that they are never over or under-insured and only pay for the coverage they need.

Going Beyond Life Insurance – Making Insurance Human

Simplify believes that insurance should be human. It's bought to protect the people and assets we value most when things take a turn for the worse. That's a responsibility that should be passed to someone we trust.

Our long-term vision is to make all of insurance tailored, transparent, and simple so that it is accessible to everyone. To accomplish this, everything we do starts with the customer. Our team is on the ground talking to real people, getting to know what they care about the most and want to provide protection for. By doing this, we are able to create new products that customers can understand and want – *insurance that is human*.