Funeral policy conversion within AVBOB Mutual Assurance Society

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ABSTRACT

This study explores the key reasons for the high cash claims at funeral policy claim stage within AVBOB Mutual Assurance Society and investigates whether the efforts on the side of the insurance and services divisions enhance or constrain funeral conversion. It furthermore examines the character of the funeral industry and the role of the different societies in contemporary South Africa, with a particular interest in their role in cash conversion rates. Reasons for the high cash claims are formulated and the study hence makes recommendations on strategic changes to be implemented to overcome stumble blocks in conversion rates.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

AVBOB Mutual Assurance Society was established in Bloemfontein in 1921 and has since grown into a billion rand Burial Society rendering services of the highest quality to the full spectrum of society in Southern Africa. As a Mutual Society, AVBOB is owned by its policy holders which, to date, exceed 800,000 (AVBOB Mutual Assurance Society, 2007a).

In Guardrisk's annual report their Managing Director Herman Schoeman (2006) writes: "The funeral industry – or "assistance" industry as it is referred to in the Long-term Insurance Act – is big business in South Africa. Some 6 million people are covered through formal and informal schemes; with premiums of R6.8bn going to burial societies and another R5.5bn going to stokvels each year".

AVBOB Mutual Assurance Society consists of four divisions: Insurance, Funeral Services, Industries and Investments. Although AVBOB belongs inherently to its policy holders, the activities and management of the Society are controlled by a Board of Directors (Min 7; Max15). AVBOB Mutual Assurance Society is the controlling body and the trade name of the 4 divisions. AVBOB has a long-term licence to practice both life and funeral assurance (AVBOB Mutual Assurance Society, 2007a). Figure 1.1 illustrates the structure of AVBOB by means of an organisation diagram.

The life assurance and funeral assurance products are marketed through life offices (20 countrywide) via AVBOB representatives, independent brokers and funeral service representatives (AVBOB Pretoria East, 2007b). These products offer a comprehensive range of funeral policies, with special benefits for policy holders who make use of AVBOB Funeral Services for the burial of all lives covered under the policy (AVBOB Pretoria East, 2007b).

The nature and scope of the funeral service offices are to collate the necessary funeral arrangement and to render a funeral service countrywide on a 24-hour basis. AVBOB Funeral Services offers a comprehensive and affordable one-stop funeral and cremation service through a network of qualified and certified funeral parlours across the country. AVBOB operates a network of some 170 funeral parlours across the country and in Namibia (AVBOB Mutual Assurance Society, 2007a). These facilities are operated by individuals who have been carefully selected and trained by AVBOB to assist bereaved families and friends with all the funeral arrangements and supply them with the necessary services to ensure a dignified funeral according to the cultural and religious requirements of the family.

AVBOB Industries operates a factory in excess of 14,000m² in Bloemfontein. An extensive range of coffins, wreaths and fittings is manufactured, using some of the most advanced technology in the world, such as computerized profile cutters and state-of-the-art injection moulding. AVBOB Industries also produces, at its plants in Rustenburg and Bloemfontein, an extensive range of high quality granite tombstones and memorials for the local as well as the international market (AVBOB Mutual Assurance Society, 2007a).

As the custodian of large amounts of policy holders' funds, AVBOB employs a number of expert investment managers to ensure fiscal prudence and a constant growth of these funds. Investments are made on the share market, both locally and internationally, as well as on the capital and money markets. Funds are also invested in prime fixed property and in the expansion of its own business operations (AVBOB Mutual Assurance Society, 2007c). Assets under management, as reported in AVBOB's financial results (2006), are R3,3 billion and investment income for the last financial year was R685 million.

FIGURE 1.1: AVBOB ORGANISATION DIAGRAM

Operating a funeral business at the quality level that AVBOB does, is extremely capital-intensive, hence a high level of utilisation of equipment and vehicles is crucial in attaining the required return on the capital that is employed. Maximising the number of funerals that are performed is thus of great importance.

From an insurance marketing perspective it should be noted that the ability to provide the actual funeral service is a strong competitive advantage. This "one stop service" is actively promoted during the marketing of AVBOB's insurance products. The insurance division has expanded rapidly during the past five years and had a growth of more than twenty percent per year. The exceptional growth means that the number of policy holders (average of 13,000 policies sold per month) and hence the number of potential funerals have increased as well. The net income in 2006 before taxation amounted to R830 million, while the accumulated surplus increased by R518 million (AVBOB Mutual Assurance Society, 2007c).

1.2 PROBLEM STATEMENT

Provision of funeral services to policy holders have remained a primary focus for the funeral service division in AVBOB. Currently, funeral services provided to policy holders constitute 40% of all funerals performed by the society.

At the same time, the AVBOB society only manages to convert approximately 45% of policy claims by policy holders into AVBOB funerals. The remainder of claims represent an estimated leakage of 13 000 funerals annually to other funeral providers. This signifies a potential opportunity of approximately R 90 million. If a conversion rate of 65% of policy claims to funeral services could be achieved it would constitute a 17,4% growth in the overall number of funerals performed.

At policy claim stage too many clients take the cash option and do the funeral at other parlours instead of using the services of the AVBOB Society. The question that arises is if the insurance product offering is inadequate to retain funerals or are there other factors leading to the high amount of cash claims.

1.3 OBJECTIVES OF THE RESEARCH

The objectives of the research are to:

- Identify the key reasons for the high cash claims at policy claim stage.
- Scrutinise the insurance product to determine if the offering encourages funerals by the AVBOB Society.
- Determine if the efforts on the side of the insurance and services divisions enhance or constrain funeral conversion.

- Make recommendations on strategic changes to be implemented in order to overcome stumble blocks in conversion rates.

A thorough investigation of the first three objectives, naturally lead to the recommendations in the final objective.

1.4 RESEARCH PROPOSITIONS

The following research propositions are formulated:

P1:

There are a number of factors leading to the high percentage cash claims at policy claims stage that can be identified.

P2:

The insurance product offering is adequate to satisfy the needs of policy holders.

P3:

The success factors of the efforts on the side of the insurance and services divisions to enhance funeral conversion can be identified.

1.5 RESEARCH METHODOLOGY

Quantitative research was performed by analysing the comprehensive AVBOB data base. The secondary research data was obtained from the claims documentation, and focused to determine characteristics concerning the:

- Value of claims;
- Geographical distribution of claims;
- Relationship of the deceased to the policy holder;
- Race of the deceased; and

- Gender of the deceased.

The secondary data was analysed by means of descriptive statistics and various figures were employed to examine possible tendencies (Collins & Hussey, 2003:196). The validity of the data was tested by using a correlation matrix.

The selected data sample consisted of claims processed during the precedent two years (specifically between the dates July 2005 and June 2007). The secondary data is contained in the AVBOB data base in electronic format and easily accessible. As the data was captured as part of the processing of claims, absolute correctness and validity are of a high standard due to various internal checks and balances (Neuman, 1991).

Qualitative research was performed by collecting primary data (Adler & Adler, 1993) from policy holders who instituted cash claims. These policy holders were asked to complete a survey. This survey was designed to ascertain the specific opinions of this group regarding the:

- Quality of AVBOB's funeral services;
- AVBOB's price competitiveness;
- The level of information available to the claimant; and
- The level of access the claimant has to AVBOB.

The research also determined whether the deceased enjoyed other death cover or funeral benefits, and established specific reasons (if any) for the preference of another funeral provider.

In addition to the survey above, personal interviews with Area Managers and representatives (both funeral and insurance sides) were held to gather additional primary data for this research.

1.6 DEMARCATION OF STUDY

Chapter one consists of an introduction, a problem statement, the objectives, hypothesis and research methodology of the research, and a summary of the chapter.

Chapter two provides a literature review and business explanation of the problem analysis and demonstrates an expanded understanding of the business complexity and underlying strategic issues surrounding the cash claim problem. Management models are being used to develop the strategic picture or major themes of the study. The chapter continues with a literature review on seminal articles on the strategic issues or themes arising out of the study's problem statement and analysis. The chapter also deals with the empirical research. The research design and methodology is presented, leading to the discussion of the results of the study.

Chapter three is set aside as final chapter, and the core consists of the conclusions and recommendations. Additionally, the chapter reports on problems encountered, the acceptance or rejection of the research propositions, and then ultimately, finalises the research by means of a summary.

1.7 SUMMARY

This chapter sets the table for an investigation into policy to funeral conversions in the funeral policy industry. It introduced the funeral policy industry, the problem statement, the objectives and the research methodology of the research. In the next chapter these problems will be investigated and analysed and tested against literature sources. The results of the study and a discussion of the results will be formulated and conclusions and recommendations will be made.

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CHAPTER 2

LITERATURE REVIEW AND RESULTS

2.1 INTRODUCTION

This chapter forms the core of the research. It provides a literature review on seminal articles on the strategic issues or themes arising out of the study's problem statement, and the application of business and empirical research is discussed. As a result, the chapter consists of two major sections, the literature review and then the empirical research. The chapter concludes with a summary.

2.2 LITERATURE REVIEW

In understanding the funeral insurance industry, it is of the utmost importance to not only define funeral insurance, but to also identify the different providers of funeral insurance in the industry. In studying obtainable literature on this topic it became evident that not much literature exists on this market, except for the study done by Finmark Trust in their Genesis Report. The limited literature available is directly ascribed to the fact that this research topic is a specialized and industry specific problem, and as such sharply focused. This research aims to add to the limited library of funeral policy conversion rates.

2.2.1 Definition of funeral insurance

In the article *Funeral Insurance: A Perception from the Office of the Ombudsman for Long-term Insurance* (Nienaber & Preiss, 2005:1), funeral insurance is defined as: "Funeral insurance may broadly speaking be described as an undertaking by one party, the insurer, to another, the policy holder, to provide, in consideration of predetermined contributions usually payable at predetermined regular intervals, a funeral service or a cash benefit or a combination of both, on the death of the life assured, in respect of whom the policy holder has an insurable interest, regardless of the aggregate of contributions the insurer may have received in respect thereof at the time of the death of the life assured".

2.2.2 Cash benefit versus funeral benefit

According to Shone op cit note 5 at 15 the benefit payable on the death of the life assured may be the provision of a service, or a cash benefit, or both (Finmark Trust Study op cit note 2 at 7-8, 2005). And when the undertaking is to perform a funeral service, either party to the assistance policy 'may request that a policy benefit which is expressed otherwise than in a sum of money shall be provided as a sum of money equal in value to the cost that would have been incurred by the long-term insurer had the non-monetary benefit been provided' (Section 53; Finmark Trust Study op cit note 2 at 64, 2005). The failure on the part of insurers to advise consumers of that option is one of several identifiable abuses encountered in practice (Finmark Trust Study op cit note 2 at 29, 2005).

If a client prefers a cash payment instead of a funeral, the client is at liberty to utilise the money in any way he/she pleases and there is no obligation on the part of the insurance company to see to it that the money paid out is in fact used to conduct a funeral. If the client settles on a funeral and the tangible costs are less than the sum assured on the policy, the insurance company is permitted to pay out the excess to the policy holder, the beneficiary or his estate, as the case may be, as if the insurance was of a non-indemnity nature. According to Van Niekerk op cit note 5 at 647 (2005), the insurance 'will be one of non-indemnity if the insurer undertakes to pay a fixed sum of money which may or may not in full or in part have to be expended on a funeral; it will be one of indemnity if the insurer undertakes either to provide a specified funeral or to pay no more than the cost of such a funeral'. Van Niekerk also states at 647 that if the insurance is one of indemnity, the doctrine of subrogation is applicable.

2.2.3 Features of the funeral insurance market

According to Finmark Trust's Genesis Report (2005) (hereinafter referred to as the Genesis Report), the assistance business market consists of an intricate mixture of services, providers and market dynamics. The report categorises providers of funeral insurance into the following four categories:

- burial societies;
- funeral parlours;
- administrators; and
- formal insurers.

Of the above providers, only formal insurers are regulated in practice. Although funeral parlours and administrators time and again operate as product providers, they are, as a rule, considered being intermediaries rather than insurance providers.

The funeral insurance market is exemplified by a vast number of insurers. According to the Finmark study op cit note 2 at 38 (2005) there were 40 registered insurers with assistance licences in 2005, the mainstream of which also accepted business under life licences. Name changes are at the order of the day; hence, policy holders are finding it difficult to locate their adversaries. Smaller insurers find it onerous to congregate the resources to comply with the not negligible regulatory requirements of the Act, including the Policy holder Protection Rules (Long-term Insurance), 2004, promulgated under it, the Financial Advisory and Intermediary Services Act (Act 37 0f 2002), and the *Code on Assistance Business* issued by the LOA.

The Finmark Trust study op cit note 2 at 3, 7, 17 and 41, 2005) states that another characteristic of this market is that its clientele are often from the less prosperous and, perchance, less sophisticated sectors of society.

2.2.4 Burial societies

Burial societies are mainly established to provide funeral support services to their members. These services on offer is in general ambiguously and not contractually determined, but are determined by the members themselves when the death arises. In the Genesis Report (2005), Finmark states that the vast majority of these services offered are primarily financial benefits and emotional and physical support in the preparations and management of the funeral. Finmark further concludes that burial societies offer a form of cash flow management or risk pooling services rather than insurance. The rationale behind this is that the financial benefit is not guaranteed and no third party profits from the risk management. These support services are considered to be financial services, because they are obtainable at a premium.

TABLE 2.1: TYPES OF BURIAL SOCIETIES

Types	Categories
Collection Collection from members only when death occurs, and no pool of funds is built up	***Block system***: membership is often a natural consequence of living in a particular neighbourhood ("block") and is seen as an additional collection system to help with costs.
	Defined society: people who know each other and form a society, which collects an unspecified amount (i.e. contributions may vary amongst members) from each member on the death of a member.
Contributing Members contribute every month to a pool of funds that are accessed when death occurs	***Standalone***: these societies may have a bank account, but do not have explicit links with funeral parlours or other funeral cover providers. All members contribute the same amount of money. The benefit is not contractually guaranteed and may vary based on the size of the fund. In most cases, the benefit does not cover the full cost of the funeral.
	Service agreement with funeral parlour: the burial society acts as a bargaining group to negotiate discounts with the funeral parlour on a preferred supplier basis. These societies may or may not pre-pay for funerals (i.e. save with the funeral parlour). All members contribute the same amount of money. The benefit is not contractually guaranteed and may vary based on the size of the fund. Although the society may pay a cash benefit that can be applied to the cost of the funeral, the society usually does not cover the full funeral cost.
	Hybrid*: *contractual insurance agreement with funeral parlour (self-insured): these societies pay a monthly premium to the funeral parlour in return for which a contractually defined funeral service is provided to its members. This is different to the pre-paid funeral in that the funeral parlour carries the risk. The benefit is defined as a funeral service and in most cases, there is no option of a monetary/cash benefit. In some cases, the society may charge a higher premium to members than is paid to the insurer, with the difference kept in a bank account to tide over defaults by members and to pay for aspects of the funeral not covered by the formal policy.
	Hybrid*: *contractual insurance agreement with insurance provider or intermediary: these societies pay a monthly premium to the insurance provider (in some cases through an intermediary), in return for which a contractually defined monetary benefit is provided to members. In some cases, the society may charge a higher premium to members than is paid to the insurer, with the difference kept in a bank account to tide over defaults by members and to pay for aspects of the funeral not covered by the formal policy.

Source: Genesis Report - Analytics (2005)

Existing research on burial societies suggests that most are *contributing* societies. The *collection* societies (mostly the block system) seem to be less organised, as contributions are voluntary and it is therefore not predictable how much will be collected. *Contributing societies* require all members to contribute the same amount on a periodic (mostly monthly) basis. These societies sometimes develop into hybrid burial societies, which are linked with either a funeral parlour or a formal insurer who carries the risk and provides benefits. Societies can also be linked or combined with a stokvel, in which case the benefit is a combination of periodically receiving the stokvel pool of funds (as a rotating savings scheme) and a benefit paid on death of member or dependent. The premiums for the stokvel and burial components are usually separated (Thrivikraman, 2003).

When a main member or occasionally a dependent dies, the burial society pays a benefit to the beneficiaries. According to the Genesis Report (2005), there are two types of benefits provided by the burial society:

- Emotional and physical support *('helping hands')* from the members of the society.
- A cash benefit (often called *'bereavement money')*.

The cash benefit is often paid out in two parts: a component that is paid before the funeral and a smaller payment after the funeral (Genesis Report, 2005).

2.2.5 Funeral parlours

There are no clear definition in the South African legislation regarding what actually comprises being a funeral parlour; however, Finmark Trust states in the Genesis Report (2005) that funeral parlours differ greatly from burial societies in that they deliver mostly non-financial services, are not member governed, function as a business for profit and, in general, offer funeral cover to a much larger pool of clients. Parlours are run as different business entities. Some are informal sole proprietors, some are run as close corporations and others are listed public companies. Parlours can be independent, associated with other parlours or insurers, or owned by formal insurers (Genesis Report, 2005).

Funeral parlours operate mainly in two categories: those who supply funeral services only (i.e. collecting and storing the body, preparing the body for the funeral and organising the funeral) and those who supply funeral services as well as some type of funeral insurance or pre-paid policy (Genesis Report, 2005).

Financial products offered by funeral parlours are structured in two different ways. Firstly, they offer a benefit in the form of an insurance policy where they pay out a sum assured, irrespective of the monetary value of the premiums already paid by the customer, and a second option, where a client pre-pays for a funeral.

Although the option of a monetary benefit (equal to the value of the funeral service) to policy holders by funeral insurers is required by existing provisions in the Long-term Insurance Act, it is nevertheless not enforced. Evidence collected by the Finmark Trust (2005) suggests that very few funeral parlours (with the general exception of parlours affiliated to formal insurers) present clients with the option of cash benefits. When cash is offered to the client as a benefit (instead of a service), an administration fee of between 25% ad 50% is deducted (Genesis Report, 2005).

In the Genesis report (2005) the Finmark Trust identified that parlours offer insurance in three different ways:

- *Illegal insurance*: the parlour sells its own insurance products, which are not underwritten by an insurer.
- *Underwritten insurance*: the parlour sells their own products, and the risk pool is underwritten by an insurer (effectively acting as an administrator).
- *Intermediary*: the parlour acts as an intermediary and sells the products of an administrator or an insurer.

TABLE 2.2: TYPES OF FUNERAL PARLOURS

Types	Categories
Funeral services only	***Suitcase parlour.*** Provides funeral services but does not have its own mortuary and usually operates from someone's home or car.
	Full-service parlour. Provides funeral services and usually has a fixed office or 'shop' from where it operates. They may have relationships with formal insurers, burial societies or administrators, but this is limited to preferred supplier agreements.
Providing mechanism for insuring or providing for funeral costs (May be independent or tied to formal insurer)	***Independent offering pre-paid funerals or administering member savings.*** This is usually a full-service parlour that also offers a savings product to help clients pre-pay for their funerals.
	Independent and self-insured (fully or partly). The same as the previous but offers an insurance product instead of (or in addition to) the savings product. The insurance product may not be underwritten by a formal insurer.
	Independent but acting as intermediary for formal insurer. Similar to the previous category, but instead of self-insuring, the parlour simply on-sells the product of a formal insurer on which it earns a commission.
	Friendly Society. In a few cases, parlours operate as Friendly Societies and are thereby allowed to write insurance business with benefit values of up to R5 000. This also requires that the parlour be owned by members and operated on a not-for-profit basis.
	Owned by formal insurer. These are full-service parlours that act as intermediaries for their parent insurance company. As they are fully owned by the insurance company, they effectively become tied agents.

Source: Genesis Report - Analytics (2005)

2.2.6 Administrators

As was the case with funeral parlours, administrators are in general not member-governed, but are profit-driven. An administrator is defined by the Genesis Report (2005) as: 'A company or person that administrates a portfolio of policy holders, but is not a registered insurer and, therefore, needs to obtain underwriting from an insurer. This means that the administrator will manage all the administrative aspects (e.g. payment collection and claims) but will not carry or manage the underlying risk of the policies.

TABLE 2.3: TYPES OF ADMINISTRATORS

Types	Categories
Self-insured	***Fully self-insured:*** such administrators may have been intermediaries for an insurer, but decided to (illegally) manage their own book without underwriting from an insurer. This is quite rare as it is riskier than partially self insuring.
	Partly self-insured: this administrator will have a relationship with one or more insurers through which it obtains underwriting, but it will not underwrite all the policies on its book, and will carry some on a cash flow basis.
Underwritten	***Member-owned:*** occurs where a member group negotiates an insurance contract with an insurer, but establishes its own administrator to manage the collection of premiums and claims processes in order to reduce costs to members.
	Independent: the administrator is not owned by an insurer or member group and can provide its services to several member groups and insurers. These administrators sometimes self-insure part of their book.
	Insurer-owned: insurers make use of an administrator to reduce delivery costs. In this case the administrator is owned by the insurer and acts as a 'tied' administrator (i.e. do not provide services to other insurers).

Source: Genesis Report - Analytics (2005)

Similar to funeral parlours, administrators function in a selection of business forms, including sole proprietor, close corporations and publicly limited companies. The administrator will often act as a third party service provider and will perform a 'back-office' duty. The actual product will be sold to the client through another intermediary, such as burial societies, affinity groups and employer schemes.

2.2.7 Formal insurers

Formal insurers present to clients funeral benefits in the form of an insurance policy. This policy will offer clients options to cover themselves, their spouses and dependents. Formal insurers are required by provisions in the Long Term Insurance Act to offer clients with an option of either a monetary value, or a service. The monetary value that is offered should be the same as the value of a funeral rendered. Liabilities to policyholders include any liability arising from the requirement to treat customers fairly, taking into consideration policyholders' '*Reasonable Benefit Expectations*' (ASSA, 2004). Certain formal insurers have a funeral parlour linked to their business (this can be in-house or in the form of a preferred service provider). Certain insurers historically structured their insurance policies in such a way that it forces the client to make use of the services offered by their funeral parlours. This is done by linking policy holder's benefits (discounts on funerals, free transport, etc.) to their insurance products, or only paying the cash benefit into the estate of the deceased and not to the beneficiaries on the policy (Genesis Report, 2005). Wrapping up of an estate, however, is a lengthy process and therefore the client usually elects to use the linked parlour.

Evidence arising from Finmark research (Eighty20, 2004) suggests that the bulk of current African burial society members never had a policy with a formal institution (Genesis Report, 2005). This familiarity with burial societies causes that the burial society is the first contact point when a death in the family has occurred. The cash benefit received from formal insurance products is often used to supplement any shortfall on funerals rendered by burial societies.

TABLE 2.4: TYPES OF INSURERS

Type	Description
Assistance licence only: insurance only	These insurers are licenced for assistance business only, and are restricted to selling products with benefits of less than R10 000. This is often circumvented by offering the same client two (or possibly more) policies. Commissions are not capped. These companies only write funeral insurance business, which may be of voluntary or compulsory group nature and use a wide range of distribution models. Two of these (Constantia Life and KGA) were administrators before registering for an assistance business licence. They make extensive use of church groups, funeral parlours, burial societies and brokerages for distribution, and their business is dominated by voluntary groups. Constantia also underwrites funeral insurance, sold as part of credit agreements through the furniture retailer Ellerines (and is partly owned by the Ellerines Group).
Assistance licence only or multiple licence: tied to funeral services group	These insurers may be licenced for assistance business only (e.g. Grobbelaars, Goodall and Bourne and Goodall and Company), or for other insurance categories as well (e.g. AVBOB, HTG and Rentmeester), but have funeral insurance as their core focus, are tied to funeral parlour operations and sell their policies through their parlours. Funeral insurance is used to capture clients for the funeral parlour business and to fund purchases of their funeral parlour services. Where the insurer is also registered for life business, this is used to offer funeral benefits that exceed R10 000 as well as general life insurance products.
Multiple licence, independent insurers with funeral as core	This group includes independent insurers (e.g. African Life and Safrican) that are not tied to specific funeral parlours or other financial service operations. Their core focus is funeral insurance, and they write both voluntary and compulsory group business. Their focus is, however, on compulsory business. They also make use of administrators or other distribution mechanisms such as the Post Office to reduce the cost of distribution and extend their services beyond the banked population.
Multiple licence insurers: tied to other product or financial services groups	This group consists of insurers that are registered for life and assistance business categories and form part of banking groups (e.g. Charter) or retail furniture groups (e.g. Relyant). The focus in the large group is on other financial services, particularly credit. Insurance is used to secure the risk of credit extended, and funeral insurance is provided as an add-on to this. Cover expires when the product has been repaid. Insurance is also used by retailers to get around the restrictions of the Usury Act, which limits the interest that may be charged. In the case of bank-tied insurers, they have access to a substantial database of bank clients as well as their financial details, which allows for the targeted selling of insurance products.
Multiple licence: direct marketing	A small number of formal insurers (e.g. Clientele and Hollard) follow a direct marketing model using, for example, telephone-based sales or network marketing. The purpose behind such a business model is to maintain full control of their client base and not pass any control over to an intermediary. This is a fairly new market phenomenon and their market share is still quite small, but showing substantial growth.
Multiple licence: large insurers offering wide range of financial products	These insurers (e.g., Momentum, Sanlam and Old Mutual) are licenced for assistance, life and other policy categories and offer a wide range of insurance and investment products. This allows them to structure products with higher benefits than the assistance business would allow, while still utilising the higher commission rates allowed under the assistance business licence. Funeral insurance is often provided as an add-on to other financial products (e.g. employee pension schemes). It is only a small component of their book in terms of value but more substantial in terms of numbers of policies. These insurers employ a wide range of distribution methods, but traditionally have a strong reliance on brokers or agents. Partly for this reason, they traditionally focus on higher-income clients and have only recently moved their focus to include lower-income clients and the funeral insurance market.
Short-term licence only	A number of short-term insurers (e.g. Mutual & Federal and SANTAM) provide add-on products to their core short-term insurance policies, which closely resemble assistance business policies. As the Insurance Amendment Act (2003) prohibits the use of the term funeral, burial or derivatives thereof in the description and marketing of these products, the products go under different names such as 'bereavement benefits' or 'death benefit plans'. It seems that the Amendment Act was intended to prohibit the writing of assistance business under a short-term licence, but that legal loopholes are allowing the writing of such business packaged under a different name.

Source: Genesis Report - Analytics (2005)

2.2.8 Summary

In understanding the funeral insurance industry as a complex environment it was necessary to scrutinize the different providers of funeral services in the industry. It is apparent that the services offered by these providers are not the same and that a number of them are considered to be intermediaries although they often operate as product providers.

Although there are provisions in the Long Term Insurance Act, which require that a client must be given a choice of a service or a monetary value equal to that service, only formal insurers are regulated by means of this provision.

The majority of the burial societies and parlours offer the client just a service regardless of the amount of premiums paid up to date. This means that clients have to ensure that they are covered with an insurance policy as well, to cover the increasing costs of funerals. Clients, in particular black people, are members of these societies or parlours and will take the monetary value of their insurance policies to top up the services provided by the societies or parlours.

It is apparent to the writer that the funeral insurance industry still has to go a long way in regulating this industry and discrepancies will continue to exist until a time that this is sorted out.

2.3 RESULTS

2.3.1 Research methodology

The population consisted of all captured claims data on the AVBOB database. Information captured from claims in the preceding two years (from July 2005 up to June 2007) was used as the data poolwhich consisted of 16,384 claims captured on the database in the mentioned period.

The data were analysed to determine characteristics concerning the:

- Value of claims;
- Geographical distribution of claims;
- Relationship of the deceased to the policy holder;
- Race of the deceased; and
- Gender of the deceased.

The secondary data was analysed by means of descriptive statistics and various bar charts were employed to examine possible tendencies. Although the validity of the data was tested by using a correlation matrix, the data is contained in the AVBOB data base in electronic format and easily accessible. As the data was captured as part of the processing of claims, absolute correctness and validity are of a high standard due to various internal checks and balances. The specialised statistical software SPSS (version 14), was used to analyse the data.

A monthly telephonic survey was done to determine the reasons why clients prefer to make cash claims rather than using funeral services from AVBOB. For the period July 2006 to June 2007, 1285 successful calls were made. A total of 275 calls were unsuccessful due to outdated telephone numbers on the data base. The measuring instrument (Annexure A) was designed to ascertain the specific opinions of this group regarding the:

- Quality of AVBOB's funeral services;
- AVBOB's price competitiveness;
- The level of information available to the claimant; and
- The level of access the claimant has to AVBOB.

2.3.2 Demographic profile

TABLE 2.5: DEMOGRAPHIC PROFILE

PROFILE CATEGORY		AS % Financial Year '05/'06	AS % Financial Year '06/'07
Value of claims	n = 16,384		
	R5,000 and less	60%	58%
	Between R5,000 and R10,000	27%	29%
	More than R10,000	13%	13%
Region	n = 16,384		
	Kroonstad	5.2%	3.6%
	Bloemfontein	3.7%	3.9%
	Durban	15.2%	14%
	Johannesburg	10%	7.6%
	Kimberley	4%	3.7%
	North West	8.2%	9.3%
	Port Elizabeth	10.1%	4.6%
	Pretoria	11.3%	10%
	Limpopo	8%	8.7%
	Vaal Triangle	0%	5.5%
	Cape region	9.5%	8.5%
	East London	0%	8.9%
	Head office	10.9%	7.9%
	Life insurance offices	3.9%	3.8%
Race	n = 9,479		
	Coloured	4%	7%
	White	39%	30%
	Black	59%	63%

TABLE 2.5: **DEMOGRAPHIC PROFILE (Continued)**

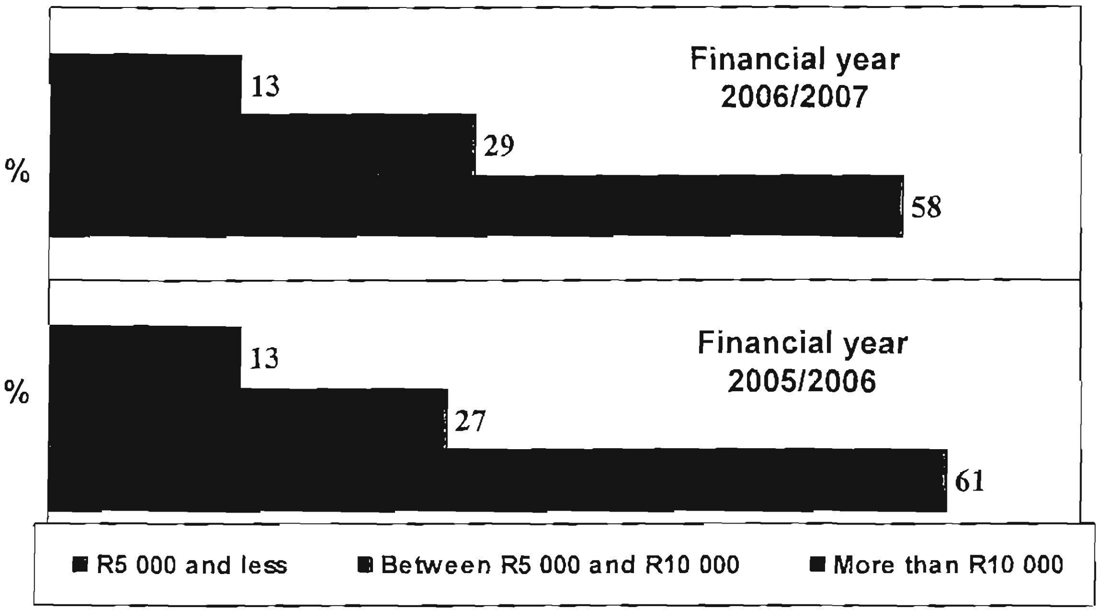
Gender	n = 16,384		
	Male	36%	36%
	Female	39%	39%
	Unidentified	25%	25%
Relationship to deceased	n = 16,384		
	Insured	55%	54%
	Parent	19%	19%
	Extended family member	13%	14%
	Child	4%	4%
	Co-assured	9%	9%

2.3.3 Interpretation of analysis results

2.3.3.1 Value of claims

Predominantly, the value of claims are worth less than R5 000. The Durban, East London and Limpopo regions deviate from this norm by showing equal amounts of cash claims worth less than R5 000 and between R5 000 and R10 000. Head office in Pretoria shows the highest amount of cash claims worth less than R5 000. Port Elizabeth region has shown an increase in cash claims worth less than R5 000 from financial years 2005/2006 to 2006/2007. All the other regions have shown a slight decrease, or have stayed the same in cash claims of a value less than R5 000, from financial years 2005/2006 to 2006/2007. The claims of R5000 and less overall have shown a slight decrease of 3% from 05/06 financial year to 06/07 financial year which caused a 2% increase in claims worth between R5 000 and R10 000. Except for the Durban region, more than 80% of claims were policies with a sum assured of less than R10 000. Claims that are more than R10 000 represent a very small portion of total claims. The individual claims statistics per region is included as Annexure B.

FIGURE 2.1: VALUE OF CLAIMS OVERALL



2.3.3.2 Geographical distribution of claims

The highest percentage of claims is from the Durban region, followed by the Pretoria region and Head office in Pretoria. East London and the Vaal Triangle regions only formed in July and June 2006 respectively, therefore there is no or very little data available for the 2005/2006 financial year. The regions represented in figure 2.2 are the funeral business offices where cash claims are supposed to be processed.

The exception to the rule is Head office where client services handle cash claims on a daily basis. The funeral insurance offices represent only 4% of the claims ratio. The low percentage in these offices is because AVBOB only allows cash claims in extreme circumstances. The regions as illustrated in Figure 2.2 include a number of branches and table 2.6 shows a list of branches per region.

FIGURE 2.2: GEOGRAPHICAL DISTRIBUTION

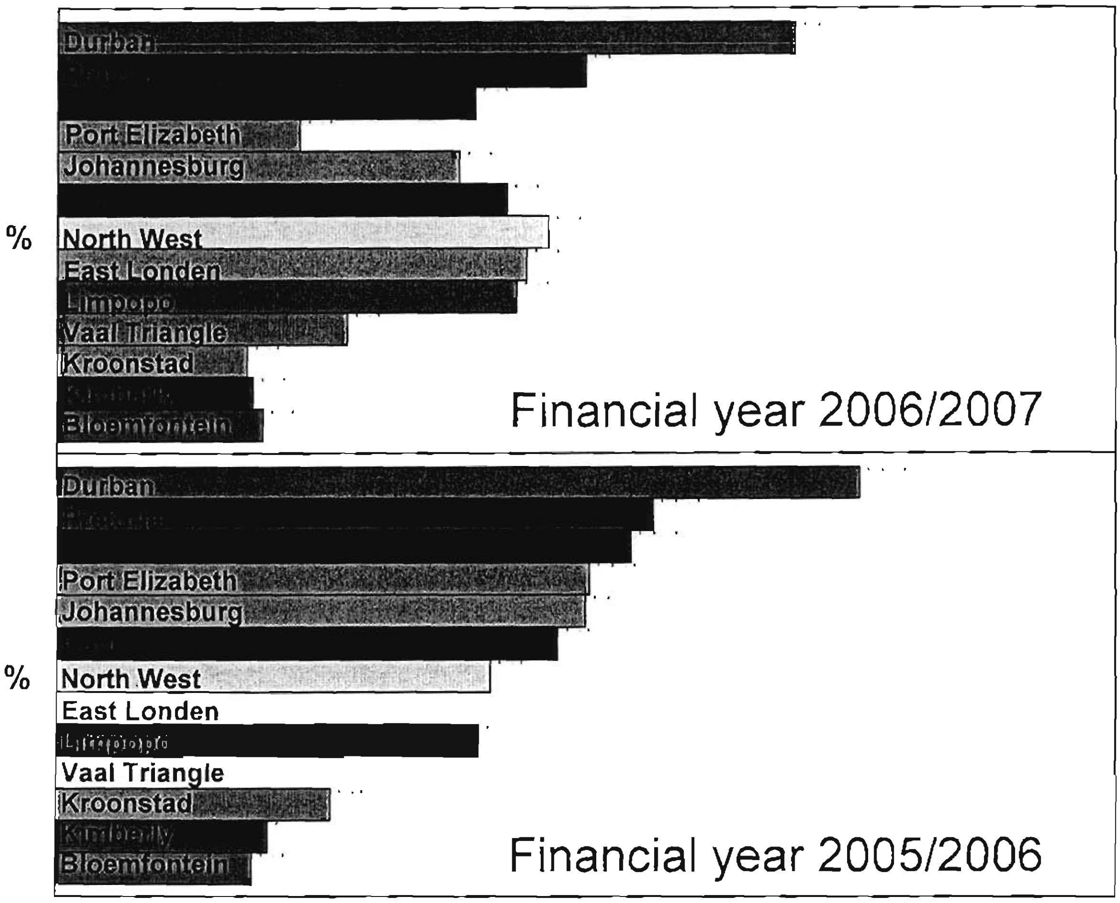


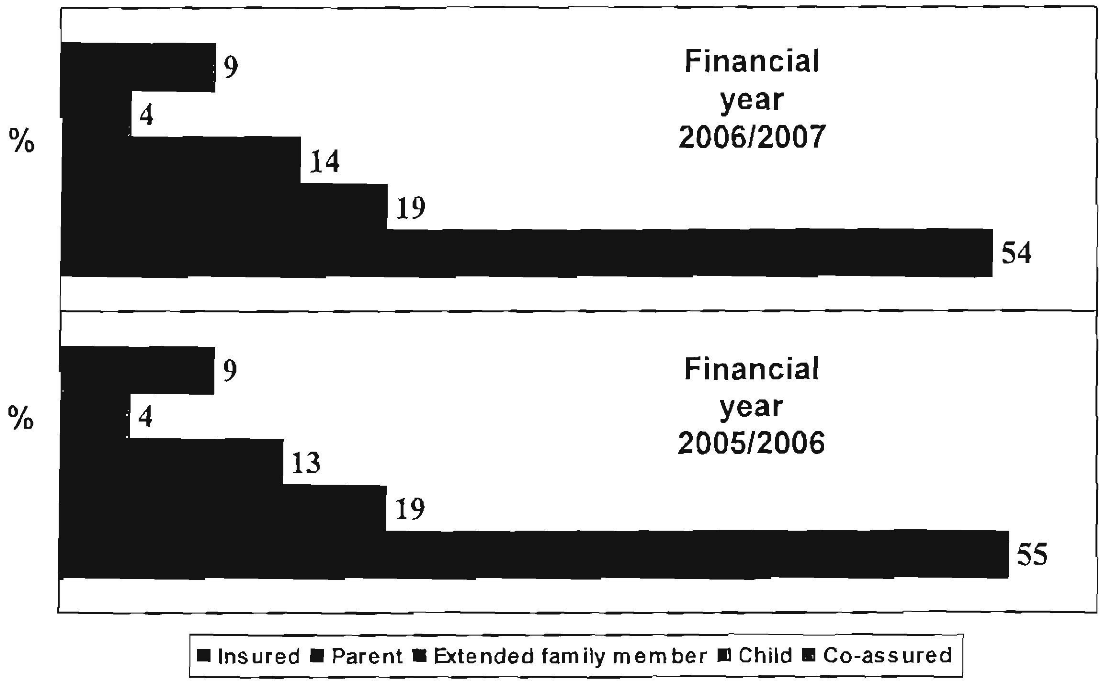
TABLE 2.6: BRANCHES PER REGION

Region	Branches in region
Kroonstad	Bethlehem, Bothaville, Frankfort, Heilbron, Henneman, Hoopstad, Kroonstad, Odendaalsrus, Reitz, Virginia, Welkom
Bloemfontein	Aliwal Noord, Bloemfontein, Botshabelo, Colesberg, Ficksburg, Ladybrand, Marquard, Senekal, Thaba"Nchu, Winburg, Zastron.
Durban	Dundee, Durban, Empangeni, Greytown, Harrismith, Ladysmith, Newcastle, Phuthaditjhaba, Pietermaritzburg, Ulundi, Vryheid, Warden
Johannesburg	Alberton, Benoni, Boksburg, Brakpan, Edenvale, Germiston, Ikwezi, JHB, Kempton Park, Soweto.
Kimberley	Christiana, Hartswater, Kimberley, Kuruman, Postmasburg, Prieska, Schweizer Reneke, Upington, Vryburg, Warrenton, Wolmaransstad
North West	Carletonville, Delareyville, Klerksdorp, Krugersdorp, Lichtenburg, Mafikeng, Orkney, Potchefstroom, Randfontein, Roodepoort, Rustenburg, Thlabane, Zeerust
Port Elizabeth	Adelaide, Beaufort West, Cradock, De Aar, Despatch, George, Humansdorp, Mosselbaai, Oudtshoorn, PE, Queenstown, Uitenhage.
Pretoria	Brits, Bronkhorstspruit, Centurion, Mmalodi, Middelburg TVL, Pretoria, Pta Moot, Pta Noord, Pta East, Soshanguve, Temba, Witbank.
Limpopo	Burgersfort, Giyani, Groblersdal, Louis Trichardt, Naboomspruit, Nelspruit, Pietersburg, Potgietersrus, Tzaneen
Head office	Head office Pretoria
Vaal Triangle	Ermelo, Fochville, Heidelberg, Meyerton, Nigel, Parys, Sasolburg, Secunda, Springs, Standerton, Vanderbijlpark, Vereeniging, Vrede
Cape region	Bellville, Bredasdorp, Caledon, Ceres, Eersterivier, Khayalitsha, Maitland, Paarl, Piketberg, Riversdal, Robertson, Stellenbosch, Strand, Swellendam, Vredenburg, Worcester, Wynberg
East London	Geo H Rogers, King Williams Town, Kokstad, Maclear, East London, Port Shepstone, Queenstown, Umtata

2.3.3.3 Relationship of the deceased to the policy holder

Predominantly the highest percentage of claims in all the regions are for the insured self, followed by parents, extended family members, co-assured and children. The relationship of the deceased to the policy holder is illustrated in figure 2.3. The individual claims statistics per region is included in Annexure C.

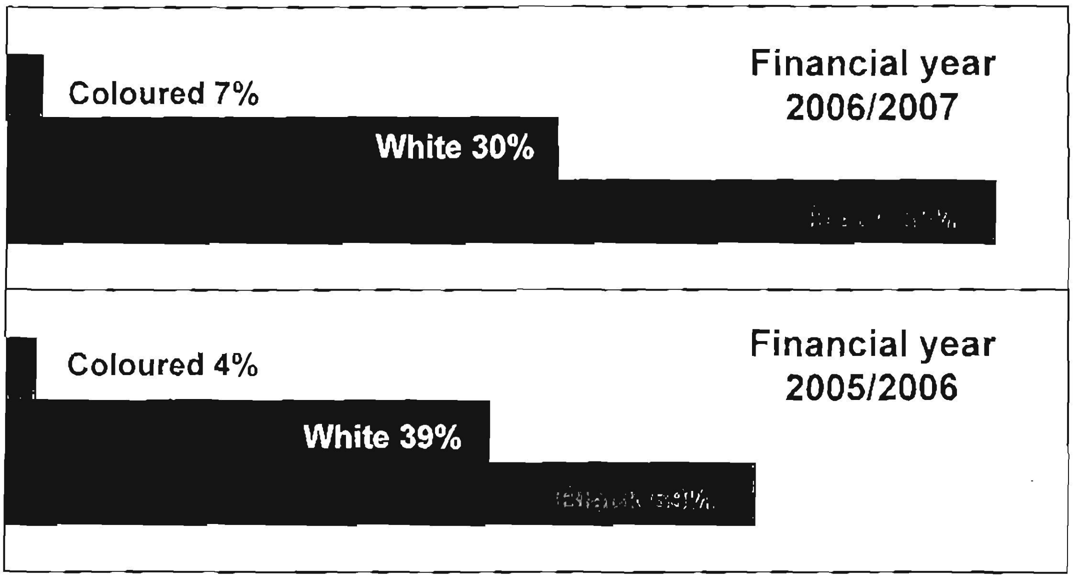
FIGURE 2.3: RELATIONSHIP OF DECEASED TO THE POLICY HOLDER



2.3.3.4 Race of the deceased

Overall, claims are predominantly through black clients and have increased by 4% from the 05/06 financial year to the 06/07 financial year. Claims from white clients have decreased by 9% from the financial year 2005/2006 to 2006/2007. Unidentified data may have caused statistical discrepancies, and may have been a result from the lack of interest in this type of data in the past. However, there has been a drastic improvement in correcting this mistake by AVBOB. Claims per race are illustrated in figure 2.4. The individual claims statistics per region is included as Annexure D.

FIGURE 2.4: CLAIMS PER RACE OVERALL



Exceptions to the rule of the predominantly black claims ratio are as follows:

Port Elizabeth:

The claims ratio for blacks was highest until August 2006, where after the claims ratio for whites increased drastically. The coloured claims ratio shows an increase since September 2006.

Cape:

The claims ratio for whites is the highest with 40% or more. The coloured claims ratio is predominantly more than 10% and slightly more than the blacks' claims ratio.

Kroonstad:

The claims ratio for whites was predominant until August 2006 where after the claims ratio for blacks started to gradually increase.

Kimberley:

The claims ratio for whites is the highest with 40% or more. Although the coloured claims ratio is still below 10% it is one of the highest ratios for the country.

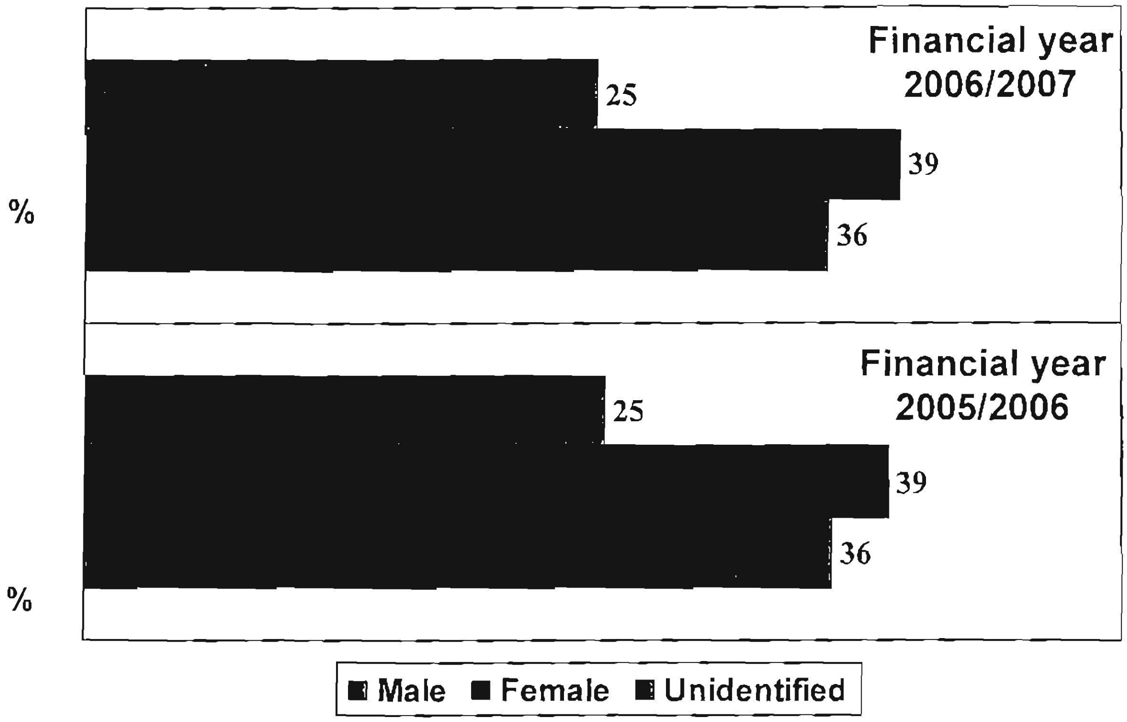
Bloemfontein:

The claims ratio for whites was predominant until April 2007 where the claims ratio for blacks increased.

2.3.3.5 Gender of the deceased

In all the regions, unidentified information causes a skew picture, which has an effect on the results. It may be the result of lack of interest on AVBOB's side in this type of statistics. From the available data there tends to be a bigger percentage of females making claims than males in most of the regions except in the Vaal Triangle and Limpopo regions. Overall, there is no major difference in claims ratio per gender. Claims per gender are illustrated in figure 2.5. The individual claims statistics per region is included as Annexure E.

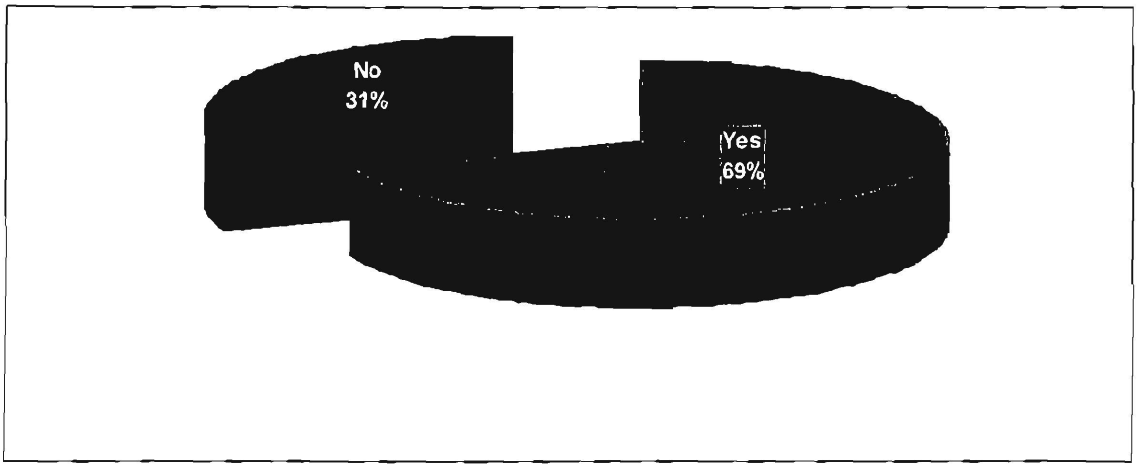
FIGURE 2.5: CLAIMS PER GENDER OVERALL



2.3.4 Cash claims survey

Although 1,285 calls were made during the survey period, only 888 people were willing to take part in the survey. The questionnaire used in the survey is attached as annexure A.

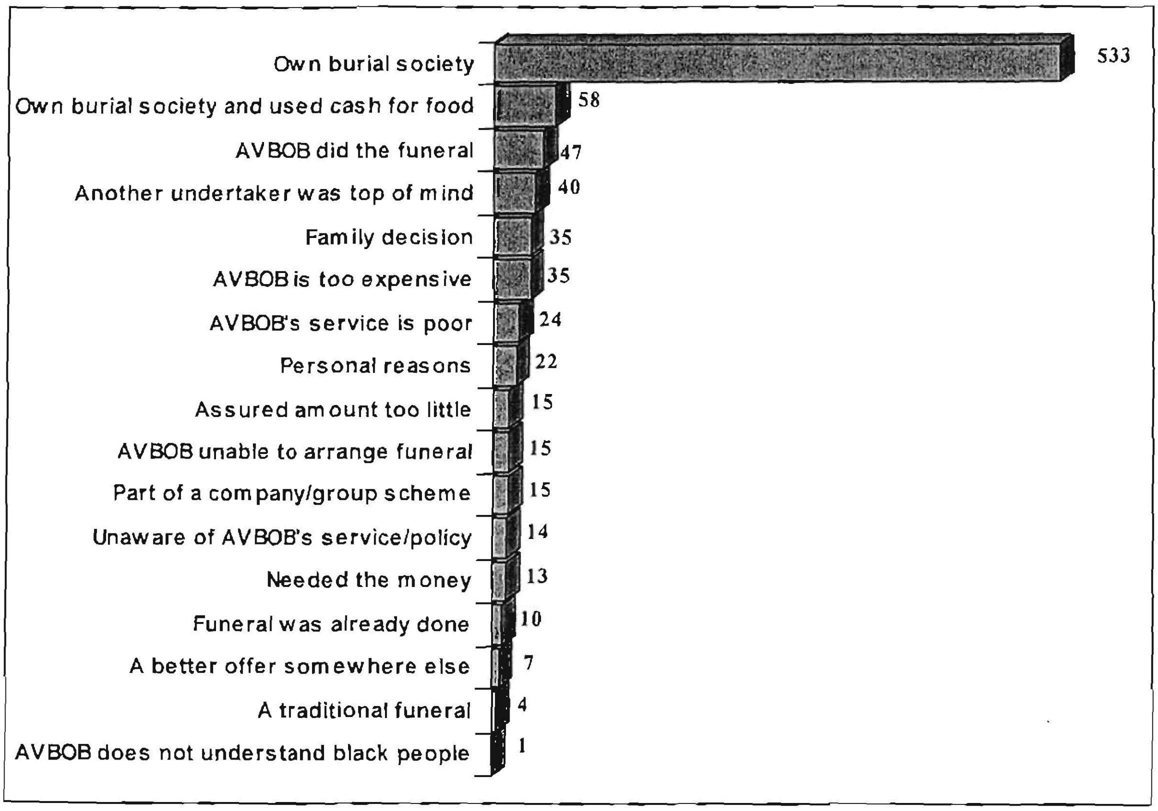
FIGURE 2.6: WILLINGNESS TO TAKE PART IN SURVEY



2.3.4.1 *Reasons for claiming cash rather than using AVBOB*

More than 65% of the respondents indicated that the reason for taking the cash benefit instead of conducting the funeral with AVBOB is that they used their burial society where they are members.

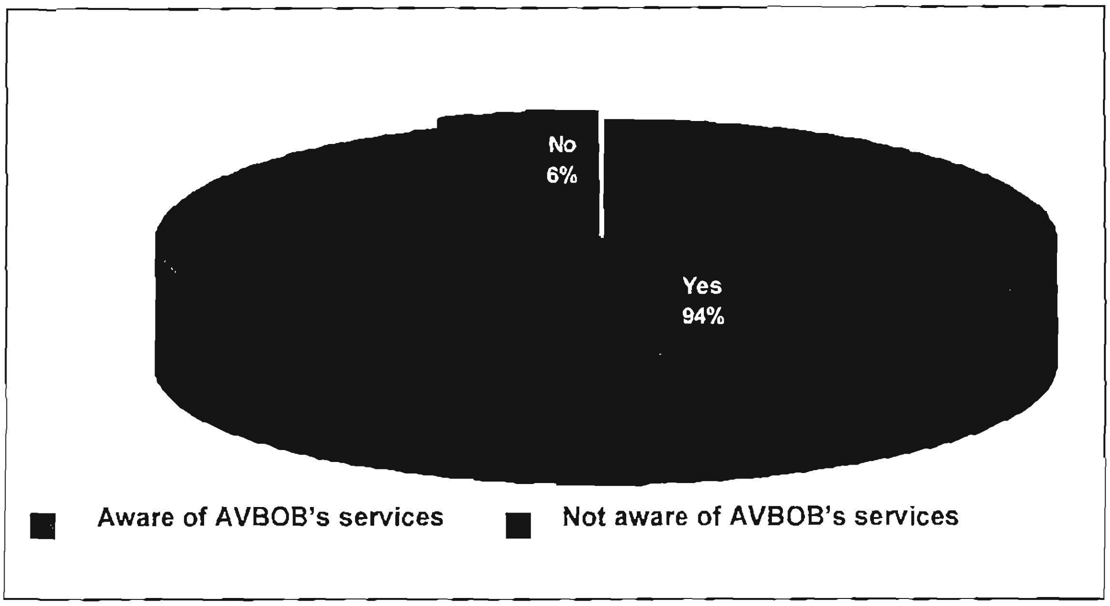
FIGURE 2.7: REASONS FOR CLAIMING CASH



2.3.4.2 *Awareness that AVBOB offers funeral services*

Policy holders are well aware of AVBOB's services, but AVBOB is not top of mind when they have to choose (De Boer, 2007). They still prefer to go somewhere else.

FIGURE 2.8: AWARENESS OF AVBOB'S SERVICES



2.3.4.3 Influence of burial societies

Four questions on burial societies were asked to the respondents in the survey:

FIGURE 2.9: WAS THE DECEASED A MEMBER OF A BURIAL SOCIETY?

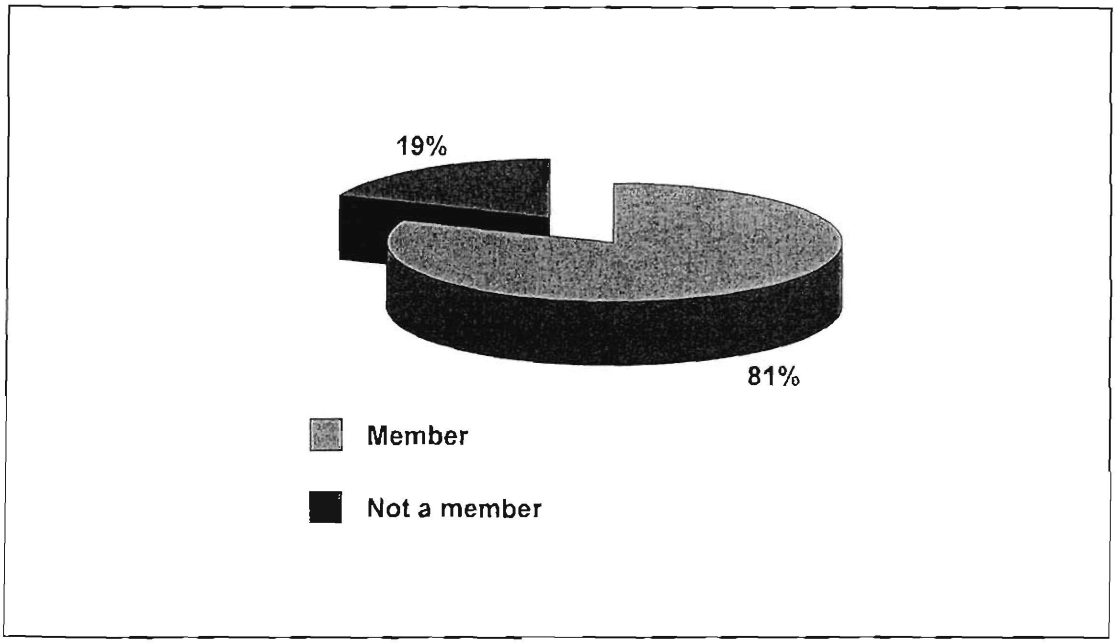


FIGURE 2.10: DO BURIAL SOCIETIES OFFER A CASH CLAIM OPTION?

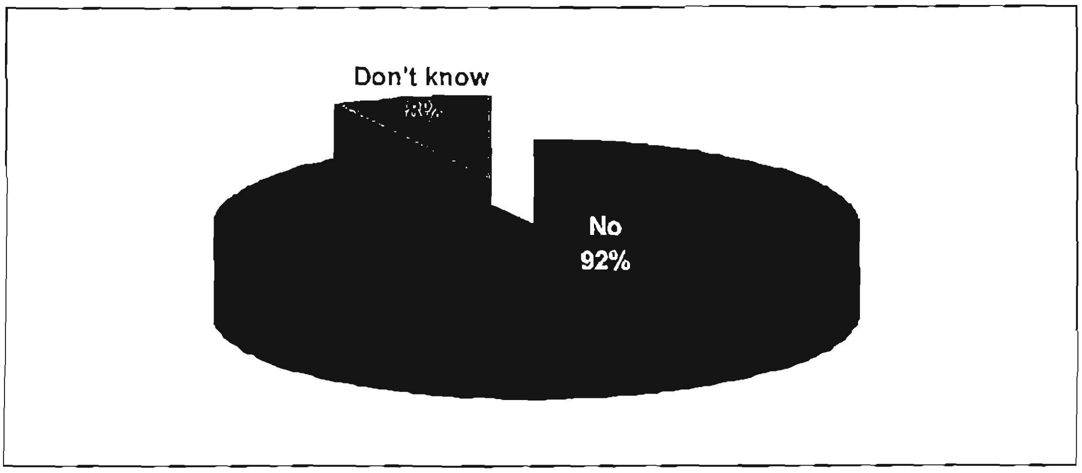


FIGURE 2.11: ADDITIONAL BENEFITS OFFERED BY BURIAL SOCIETIES

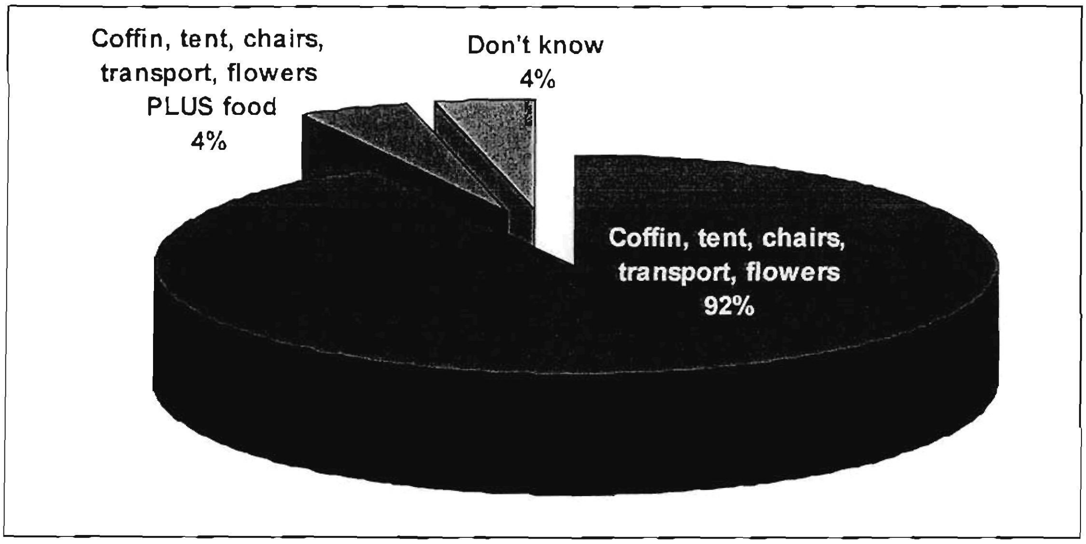
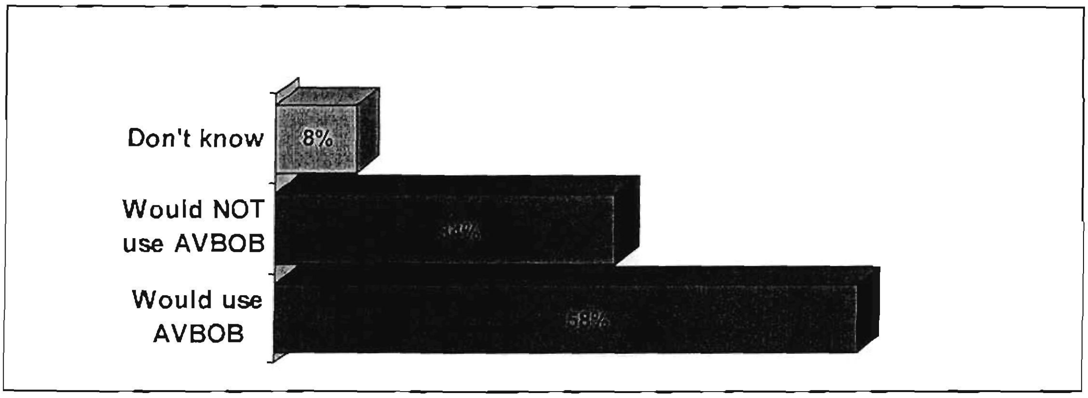


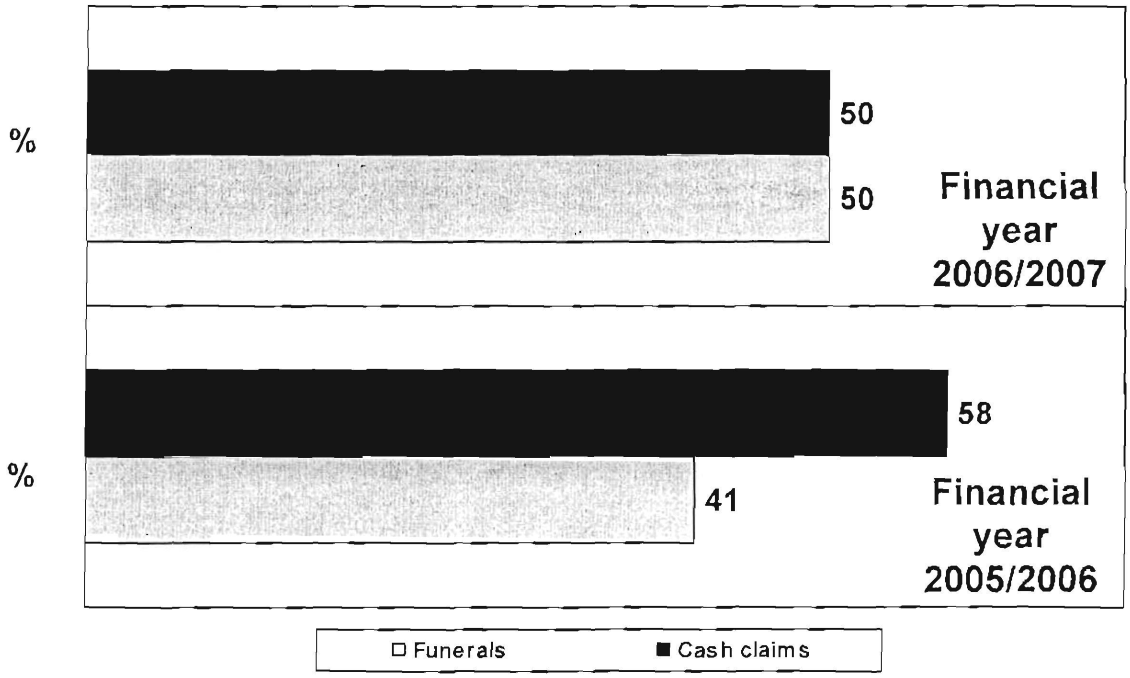
FIGURE 2.12: IF AVBOB OFFERS THESE SERVICES WILL YOU USE THEM?



2.3.5 Summary

AVBOB has a standard they want to achieve when it comes to funerals conducted. In setting out their target they distinguish between fund funerals (where the funds available in the policy are used for funerals) and cash claims (client opts to take cash and do funeral elsewhere). The target ratio to achieve for fund funerals versus cash claims is 70% fund funerals to 30% cash claims. This target has not been reached for both financial years although there was an improvement from the 05/06 financial year to the 06/07 financial year for the fund funeral ratio (figure 2.6). The only exclusion to this rule is Head office which should deal with cash claims only. The regions that came close to achieving the 70/30 fund funerals versus cash claim ratio are: Kroonstad (Average 70%), Cape (Average 68%), Vaal Triangle (Average 68%), Kimberley (Average 64%) and Bloemfontein (Average 63%). The individual claims statistics per region is included as Annexure F.

FIGURE 2.13: FUND FUNERALS AND CASH CLAIMS RATIO - OVERALL



It is apparent from the data analysis that a lot of funerals are lost to AVBOB although there was some headway made in the 2006/2007 financial year. The majority of the cash claims are being done by black people living in the larger metropolis. The sum assured of the largest part of the cash claims are under R5 000 and claims on the insured self are by far the highest. It is obvious that gender does not play a significant part in a decision between a fund funeral and a cash claim.

The survey done indicated that the majority of respondents are members of burial societies. Although they are aware of AVBOB's funeral service, their burial societies do not offer cash options and therefore they will use them.

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CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

3.1 INTRODUCTION

In this chapter conclusions and recommendations will be made on the findings discussed in chapter two. Conclusions in this chapter are based on the results that came out of the descriptive statistics done in this study. The recommendations that flows from the conclusions are meant to improve the product and service offering of AVBOB and assist them in improving their funeral policy conversion rate.

3.2 CONCLUSIONS

The following conclusions resulted from the research:

Conclusion 1

AVBOB policies with a sum assured of less than R10 000 will more likely be cashed in rather than being converted into a funeral. Most of the policies with a value less than R10 000 are older type of policies and can therefore not provide in the higher cost related to funerals. Clients will rather use the cash from an AVBOB policy as a supplement to current burial society schemes. This tendency occurs because societies only provide a service and don't offer cash to the client. The value of the service provided by the societies is not enough to cater for a funeral as well, and therefore a cash supplement is needed. Cash claims on policies with a value higher than R10 000 will enable a client to conduct a funeral and therefore the low cash claim ratio.

Conclusion 2

There is no definite claims tendency in one specific region and the claims are spread countrywide. It is the understanding of the writer that the reason for higher claims in certain regions is because of the marketing capabilities of the undertakers in those specific regions. AVBOB delivers a standard core service to policy holders. Every undertaker will package added services to the policy holder; therefore the region doesn't determine the cash preference of the client, but it is rather determined by the level of services rendered.

Conclusion 3

A definite tendency can be identified in the figures in Annexure C. Whenever the insured self is still alive he or she will probably use the benefits on the policy for the funerals of parents, extended family members, the co-assured (usually spouse) and children. The reason for this is that the insured themselves want to keep the benefits on the policy for when they die. On the contrary, the family of the insured self will in more than 50% of the time claim cash when he/she dies to top up their services at societies.

Conclusion 4

Overall, claims are predominantly through black clients. As discussed in the literature review, black people are primarily members of friendly societies and stokvels. This fact elucidates why the highest percentage of claims are from black clients. They use the cash to supplement the non-cash services rendered by the societies. The differences in the claim ratios of the different regions can be explained by the race population composition of that particular area.

Conclusion 5

Overall, there is no major difference in claims ratio per gender. It is therefore apparent that gender doesn't have a significant impact on cash claims done by clients.

Conclusion 6

It is apparent in the survey done that cash claims are made, because families have their own burial society. These burial societies do not offer a cash claim option, therefore clients will use the cash received from AVBOB as an add-on for the funeral. Among the black community, AVBOB is seen as a prestige company. AVBOB is perceived as doing expensive funerals and respondents felt that they would rather go somewhere else for a cheaper funeral. In some instances, these cash claims were made simply because funeral arrangements were already made. It was noted that in some cases, clients claimed cash because AVBOB failed to make funeral arrangements for them. Most clients are conscious that AVBOB offers funeral services to policy holders but they are not aware of the detail of the services rendered. Coffins, storage, transport, chairs and tables, and flowers are common benefits which clients get from their burial societies (which AVBOB offers as well). On occasions, clients mentioned that, in addition to the benefits mentioned above, they also get cash for groceries. Most respondents would use the services mentioned above, if AVBOB provided them (which AVBOB does). However, there are those who would not use such services from AVBOB. It is also clear that AVBOB is not top of mind for these respondents.

3.3 RECOMMENDATIONS

As a result of the abovementioned conclusions drawn from the study, the following recommendations are made:

Recommendation 1

AVBOB should offer cheaper packages to clients with low insured amounts. Even if clients use burial societies, AVBOB should offer them value-adding packages like catering and groceries. To execute this, AVBOB should be aware of the offerings of burial societies.

Recommendation 2

Although it was determined that the region does not determine cash claims, it is recommended that AVBOB be more region focused in their marketing strategy. The undertaker in the specific region should be aware of the competition in his region and should be allowed to customise his offering to satisfy the client's needs.

Recommendation 3

The insurance product offering should include specific value-adding benefits for the primary insured. Moreover, free policy holder benefits should be linked to the insurance policy. This will mean that these services can only be used if AVBOB is conducting the funeral.

Recommendation 4

AVBOB should have better knowledge of their customers' culture. The cultures, especially in the black community, are very diverse and must be handled with a great deal of sensitivity. The majority of undertakers are white and therefore it is difficult to overcome cultural differences. They have to employ a lot more black undertakers to convert more policies into funerals. AVBOB should make use of media that reaches the black community.

Recommendation 5

AVBOB should maximise its service offering by delivering excellent service on the funeral business side by addressing the customer's needs. In order for AVBOB to reach its target market they should concentrate on making the brand more aware through active intervention. They must move closer to the client and use the power of word of mouth. This will help them to become the first brand that comes to mind. It is recommended that they make themselves more aware by getting more involved with the community.

3.4 PROBLEMS ENCOUNTERED

In conducting this study it became evident that there is not a great deal written in the literature on the subject of policy conversion into funerals. The majority of companies offering funeral cover do not conduct the funeral as well. This makes AVBOB unique in the South African funeral industry.

3.5 ACCEPTANCE OR REJECTION OF THE RESEARCH PROPOSITIONS

This research formulated three research propositions that should be either accepted or rejected as a result of the research.

P1:

There are a number of factors leading to the high percentage cash claims at policy claims stage that can be identified.

ACCEPTED: Research showed clearly that a number of factors are playing role in the cash claims percentage and that these factors could be identified.

P2:

The insurance product offering is adequate to satisfy the needs of policy holders.

ACCEPTED: Research showed clearly that the insurance product offered to the policy holders can satisfy their needs.

P3:

The success factors of the efforts on the side of the insurance and services divisions to enhance funeral conversion can be identified.

ACCEPTED: Research showed clearly that the success factors of the insurance and service divisions to enhance funeral conversion are playing a role in the cash claims percentage and that these factors could be identified.

3.6 SUMMARY

AVBOB has the unique situation where they offer funeral cover to potential clients as well as conducting the funeral. It is important to AVBOB as a company to manage the funeral policy conversion rate. The higher the conversion rate is, the higher the profit margin will be for funeral services, the factory and related industries.

Therefore it is important to identify the factors that influence this conversion rate. Through descriptive statistics of secondary and primary data it is clear to the writer that the main reason for the low conversion rate is the role that burial societies is playing. Burial societies mainly represent the black community, which are the biggest target market as well. The lack of regulation in this industry influences AVBOB's conversion rate further. Burial societies, most of the time, do not offer clients a cash claim option but only a service. For the client to have a dignified funeral, extra cash is needed, and that cash is coming from a funeral policy. If regulation is up to date and burial societies have to offer a client the choice of cash or a service, the conversion rate for AVBOB will increase as well.

AVBOB has to focus their marketing strategy on the specific region they serve. This will mean that they have to increase their awareness of cultural differences and have to be sensitive to this. For AVBOB to be successful, they have to be on top of mind in the market. They have to change their image as a white superior funeral provider to one of a professional, value for money provider.

ANNEXURES

ANNEXURE A: CASH CLAIMS SURVEY

Introduction

Good day sir/madam, my name is ....calling from AVBOB. We are currently conducting a survey to improve the quality of service that we offer our clients. According to our records, you made a cash claim recently.

1. May I ask you a few questions regarding your claim? **Yes** No (Close)

2. Why did you claim cash from AVBOB and not use our funeral service? (Open)

3. Can you tell me the name of the undertaker you used? (Open)

4. Does your undertaker have a cash option? **Yes** No (Go to Q 6)

5. How much do they pay out? (Open)

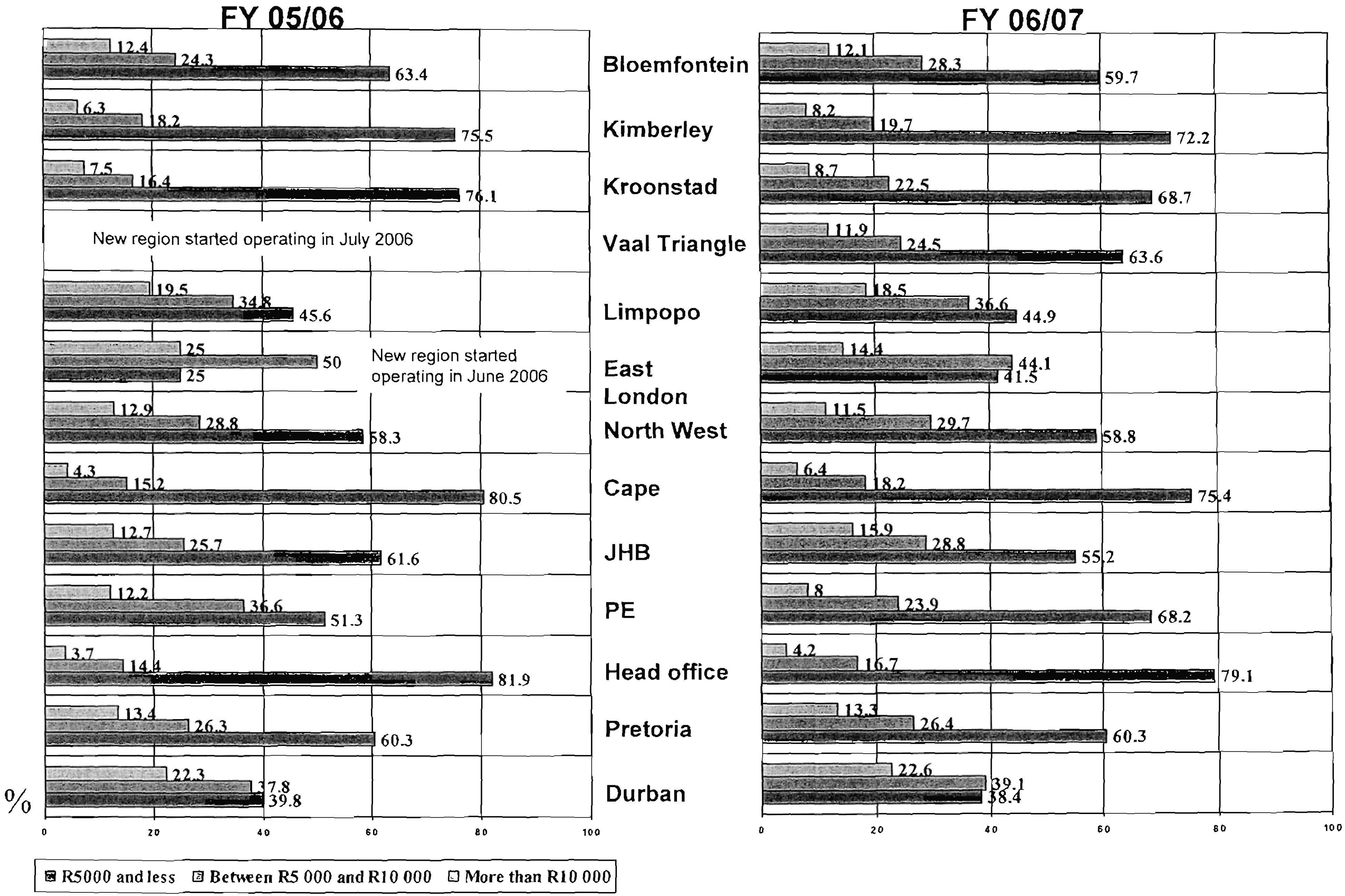
6. Was the deceased a member of a burial society? **Yes** No

7. What additional benefits did they offer? (Open)

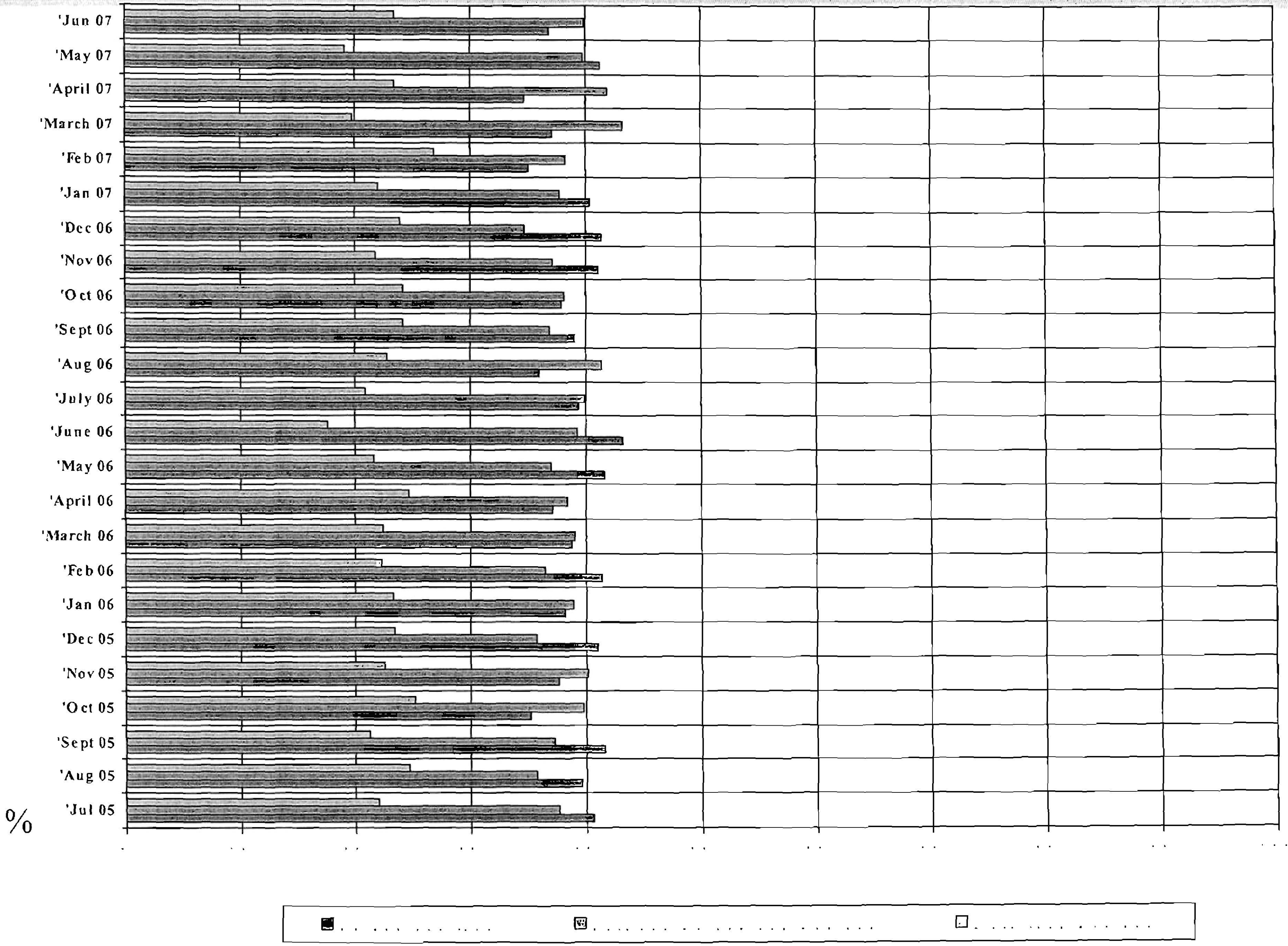
8. If AVBOB were to offer you these services you just mentioned, would you use them? **Yes** No

End! Thank you for taking part in this survey from all at AVBOB.

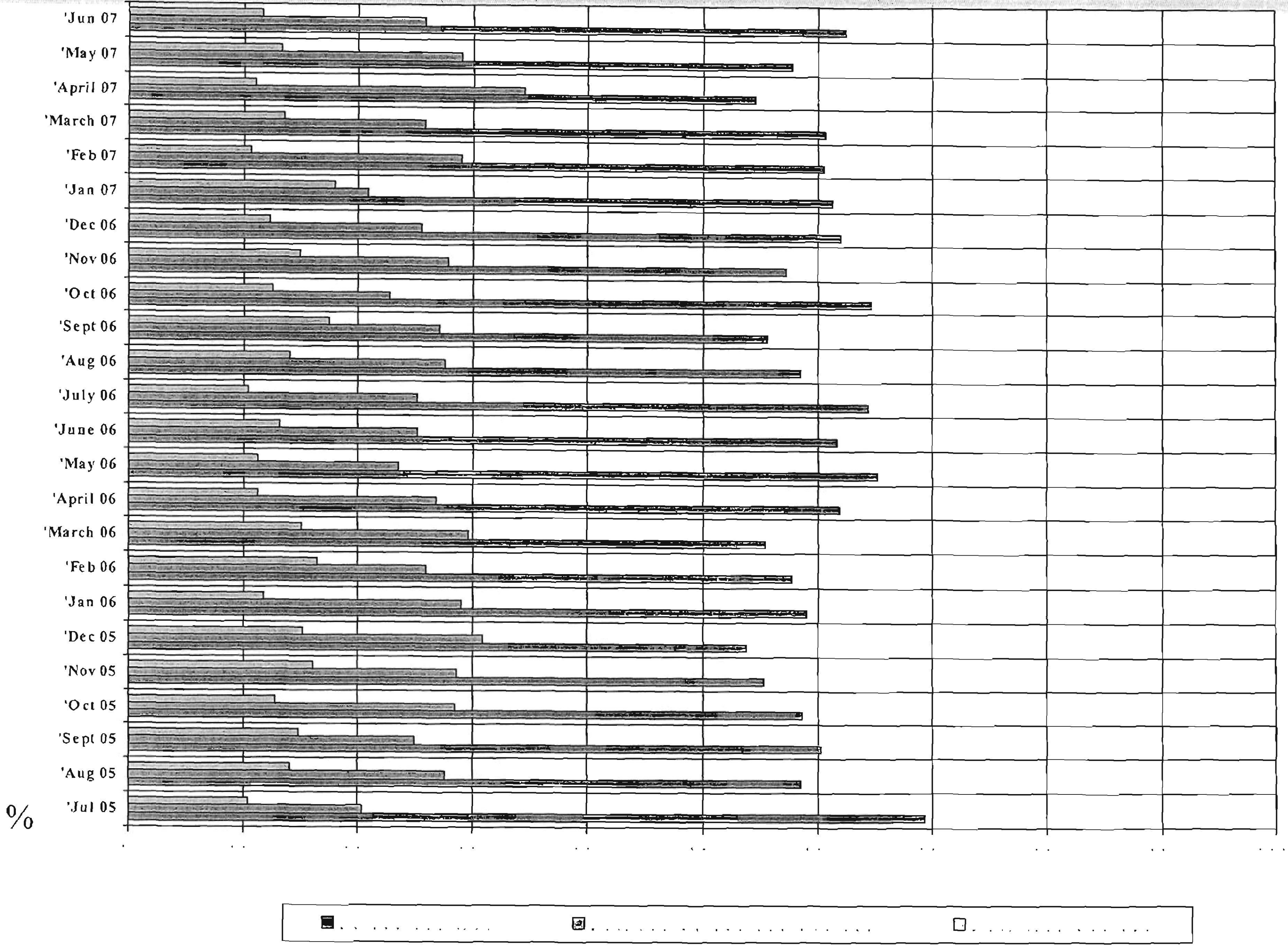
Annexure B1: Value of claims regional scope per financial year



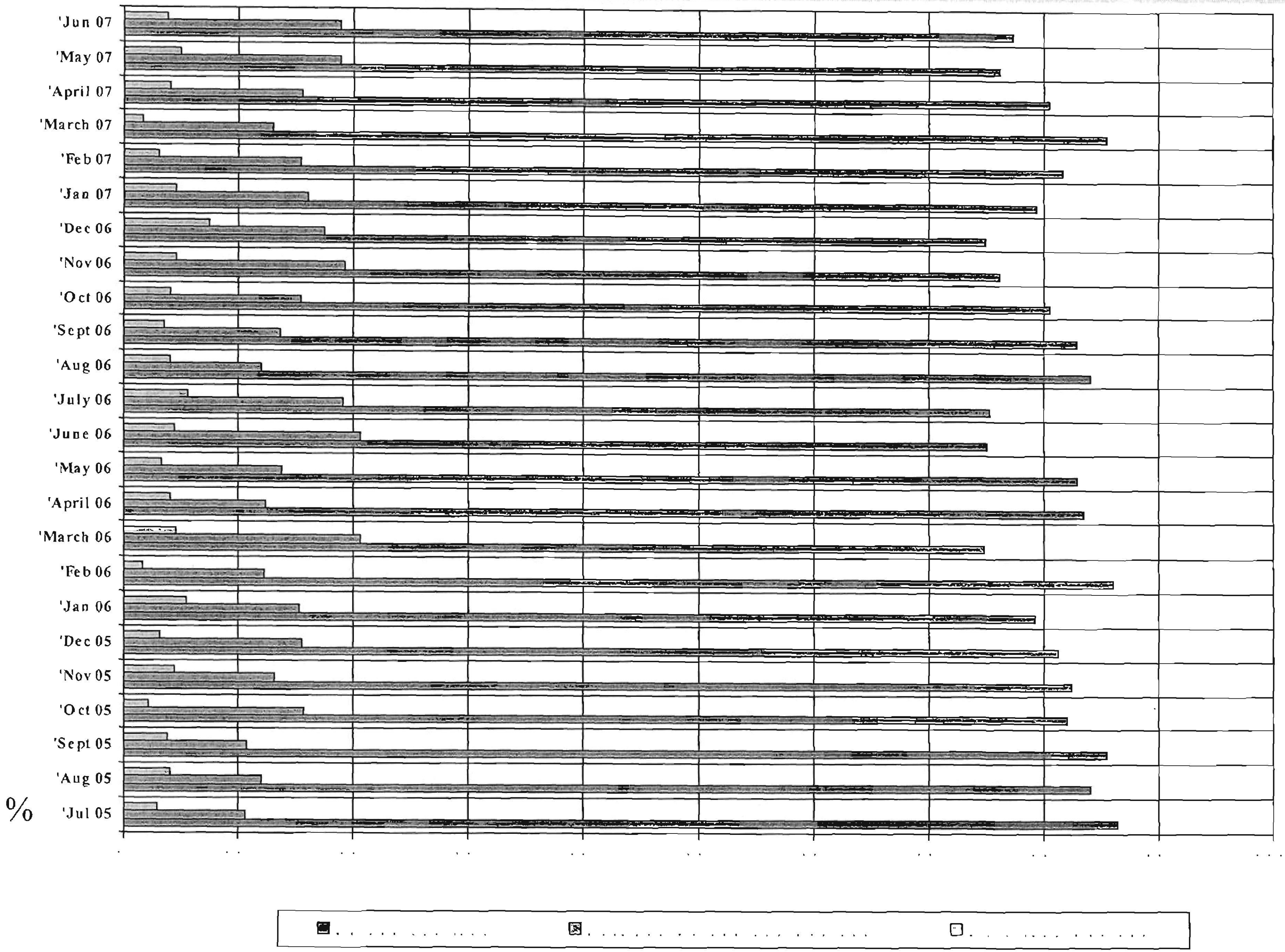
Annexure B2: Durban region



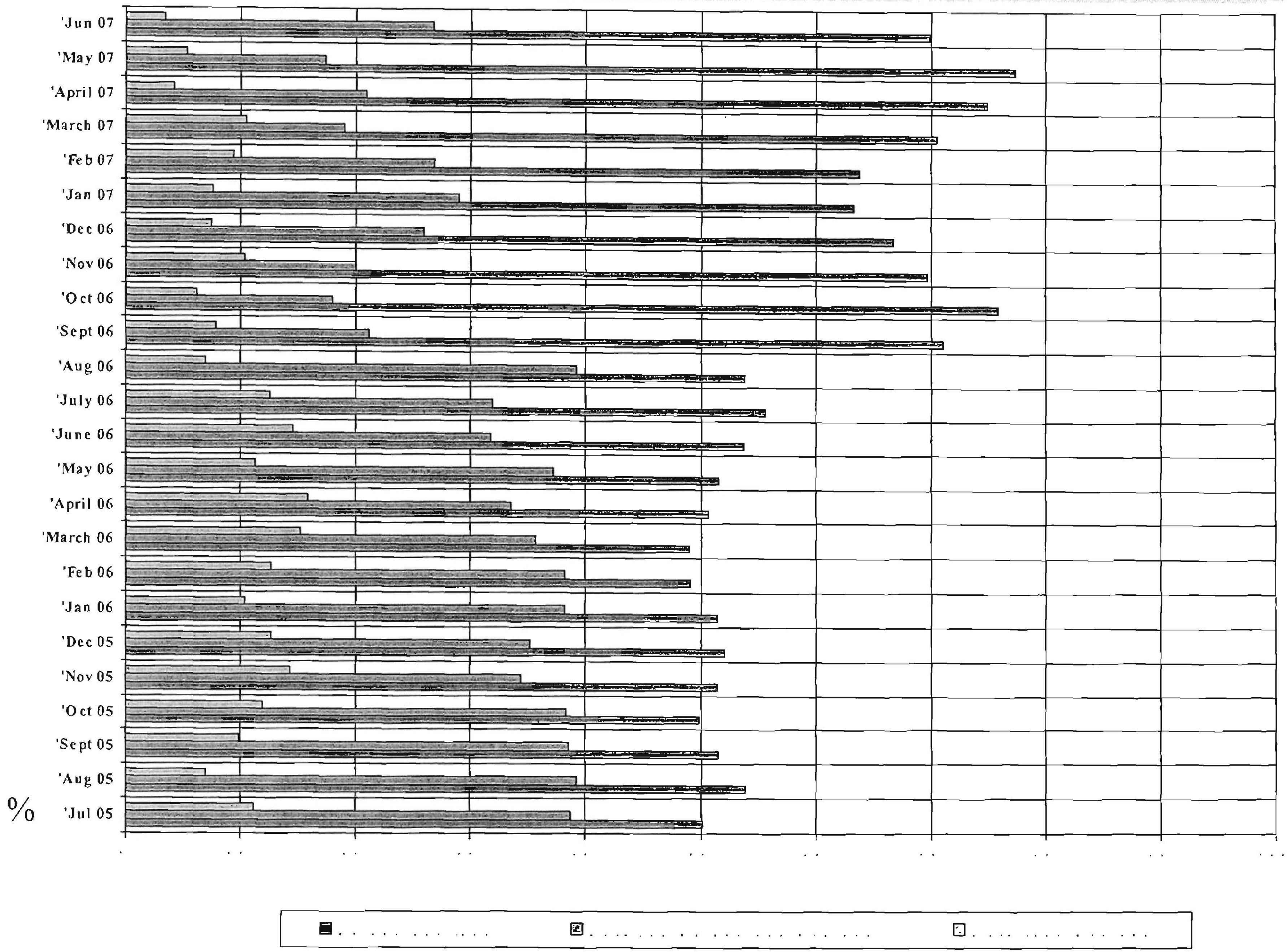
Annexure B3: Pretoria region



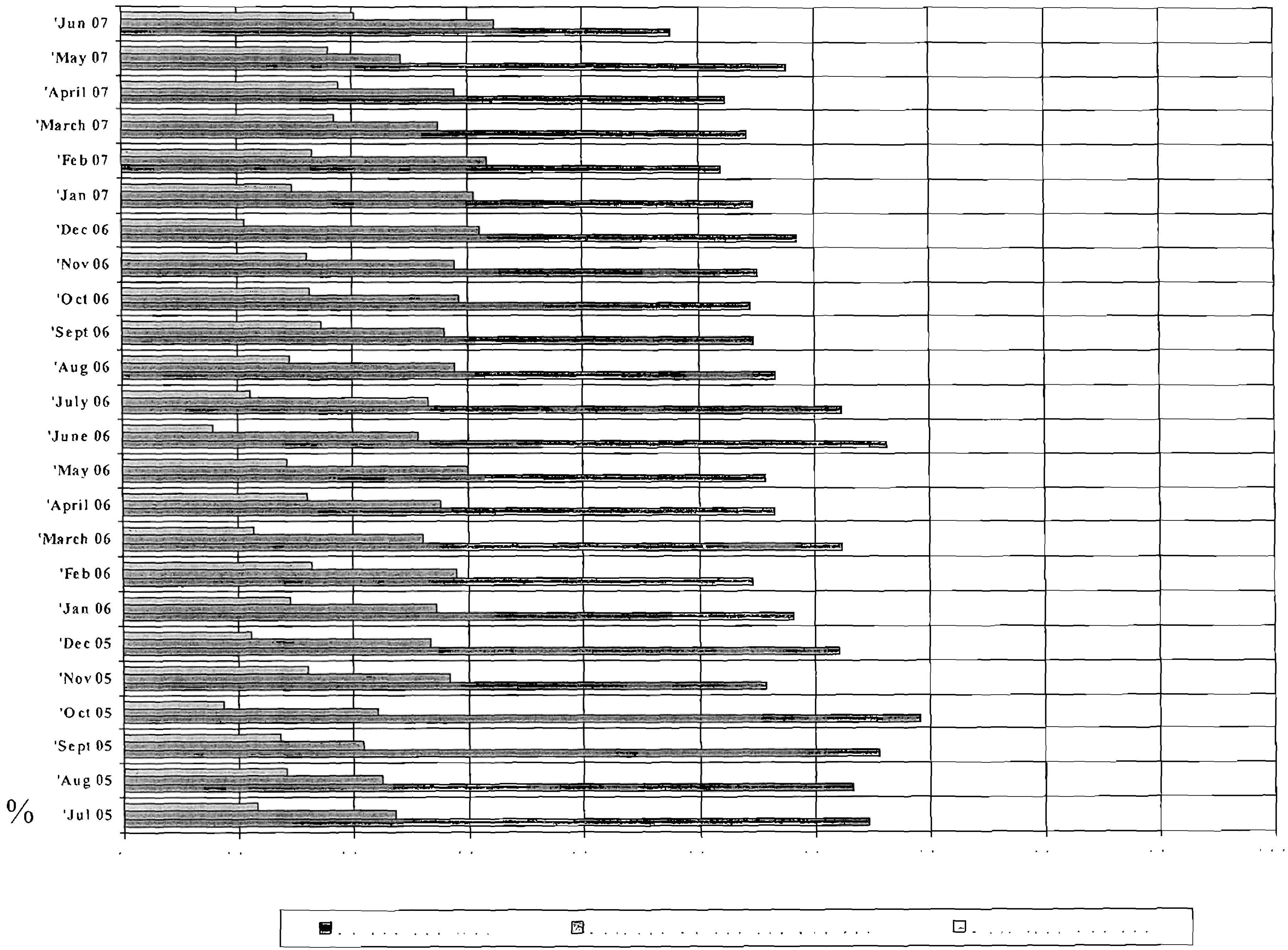
Annexure B4: Head office



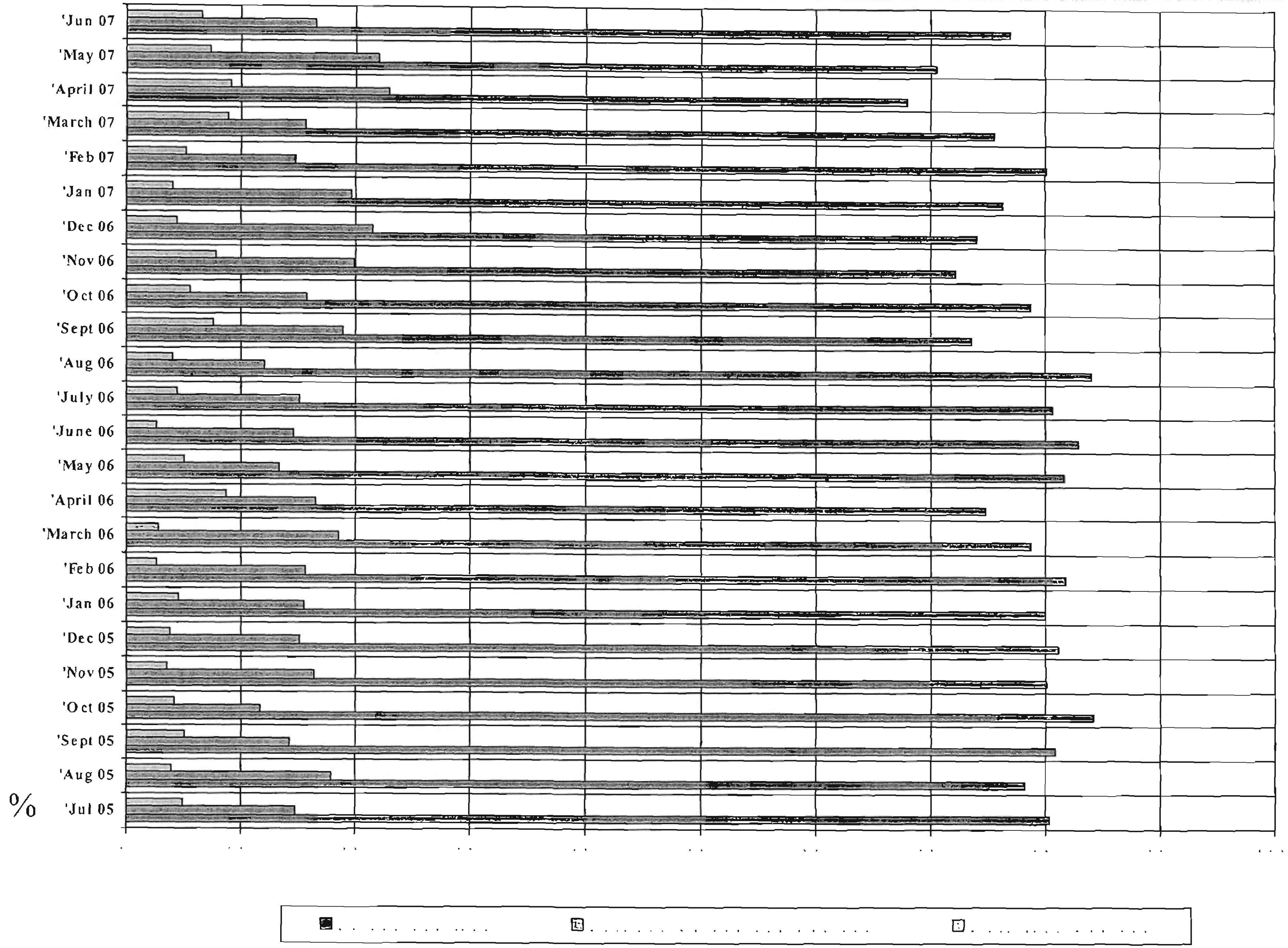
Annexure B5: Port Elizabeth region



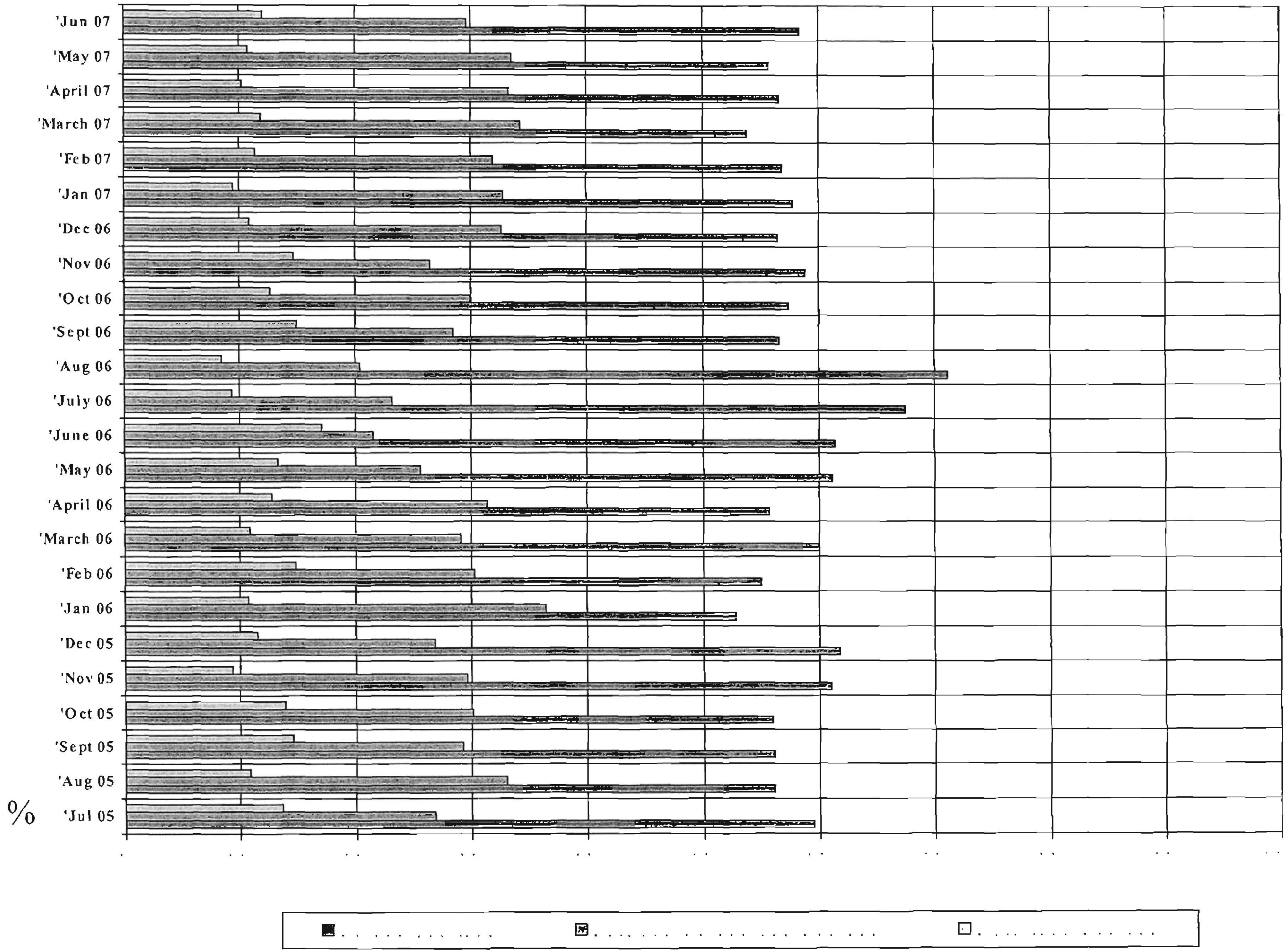
Annexure B6: Johannesburg region



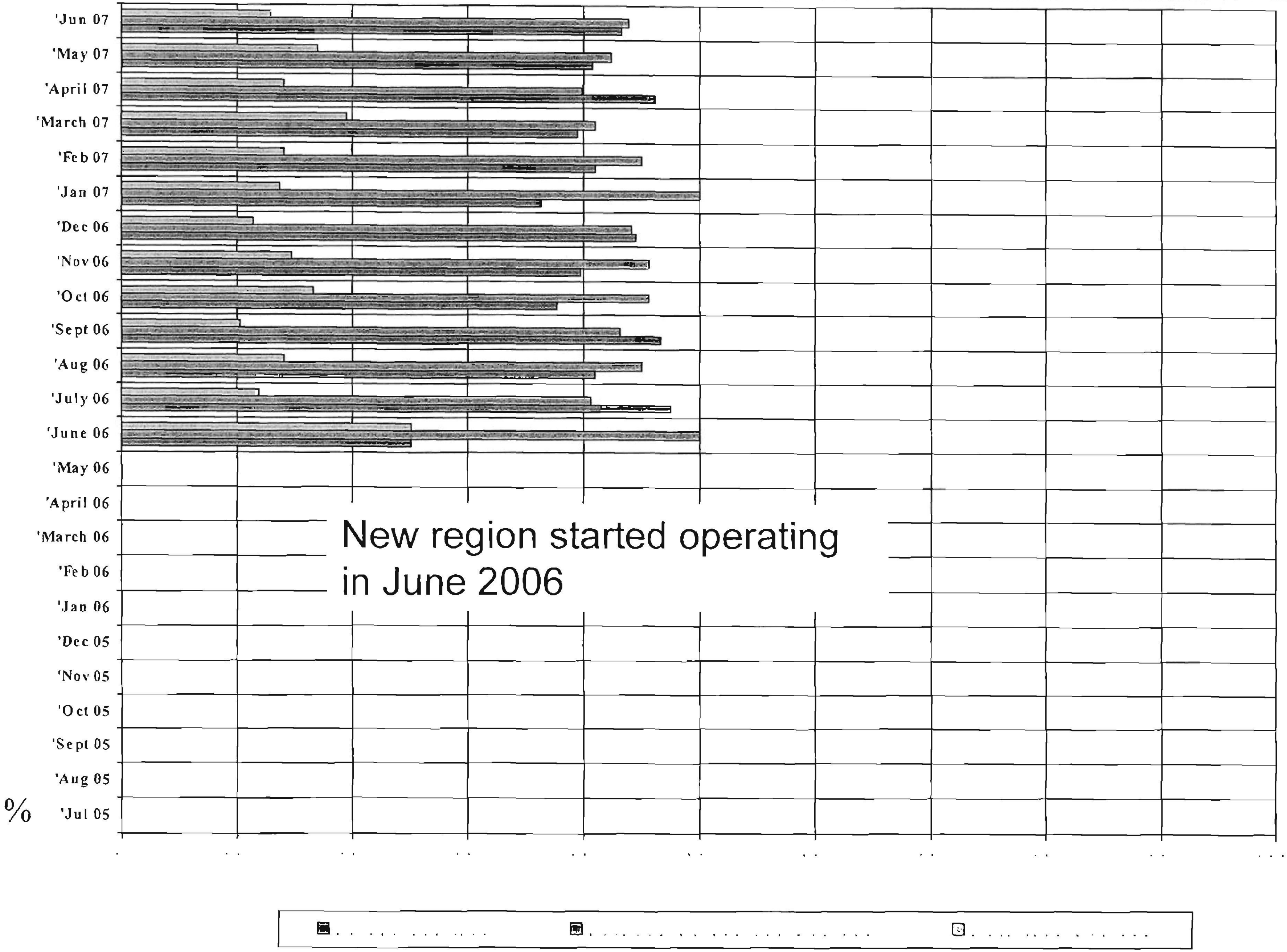
Annexure B7: Cape region



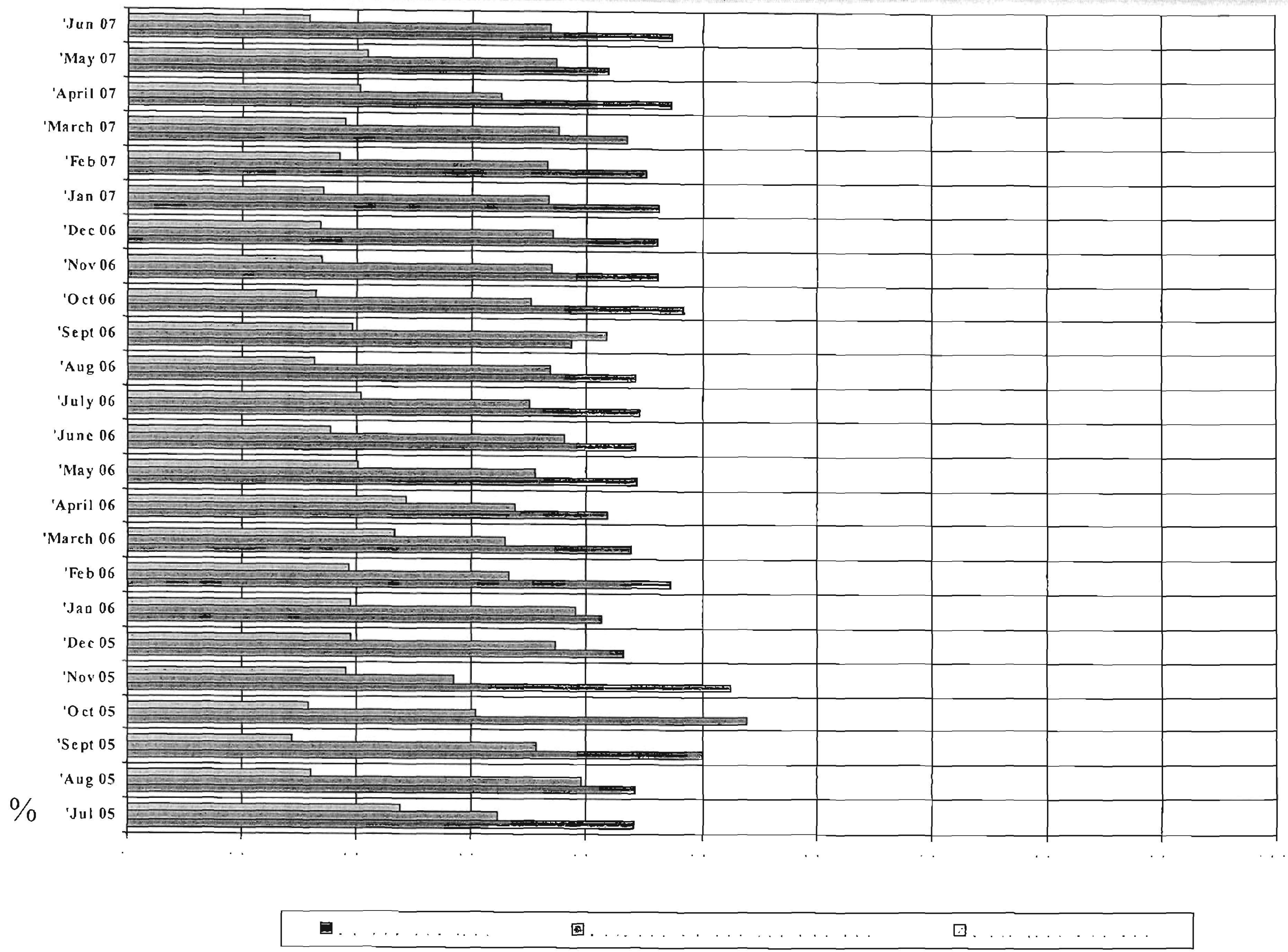
Annexure B8: North West region



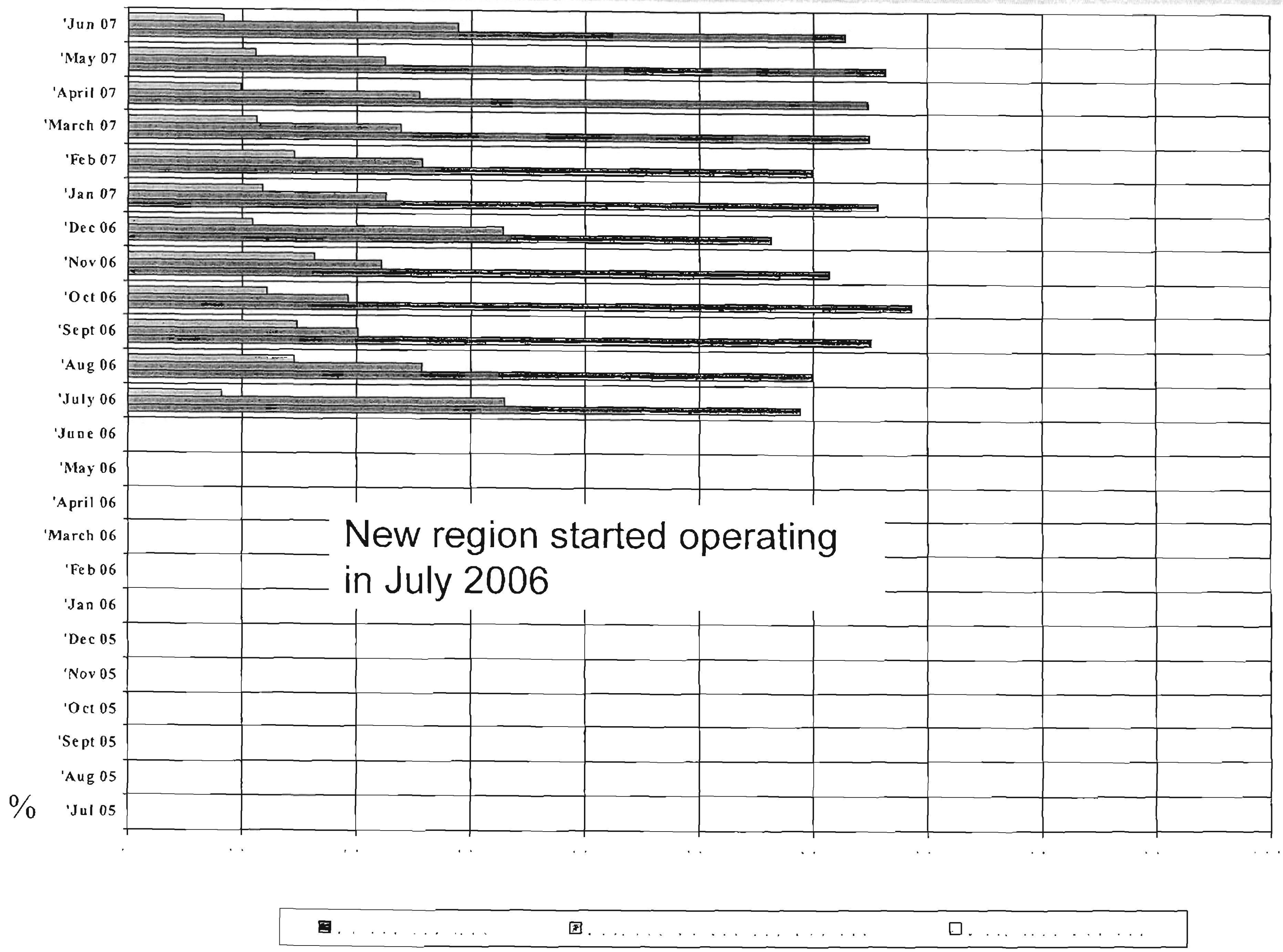
Annexure B9: East London region



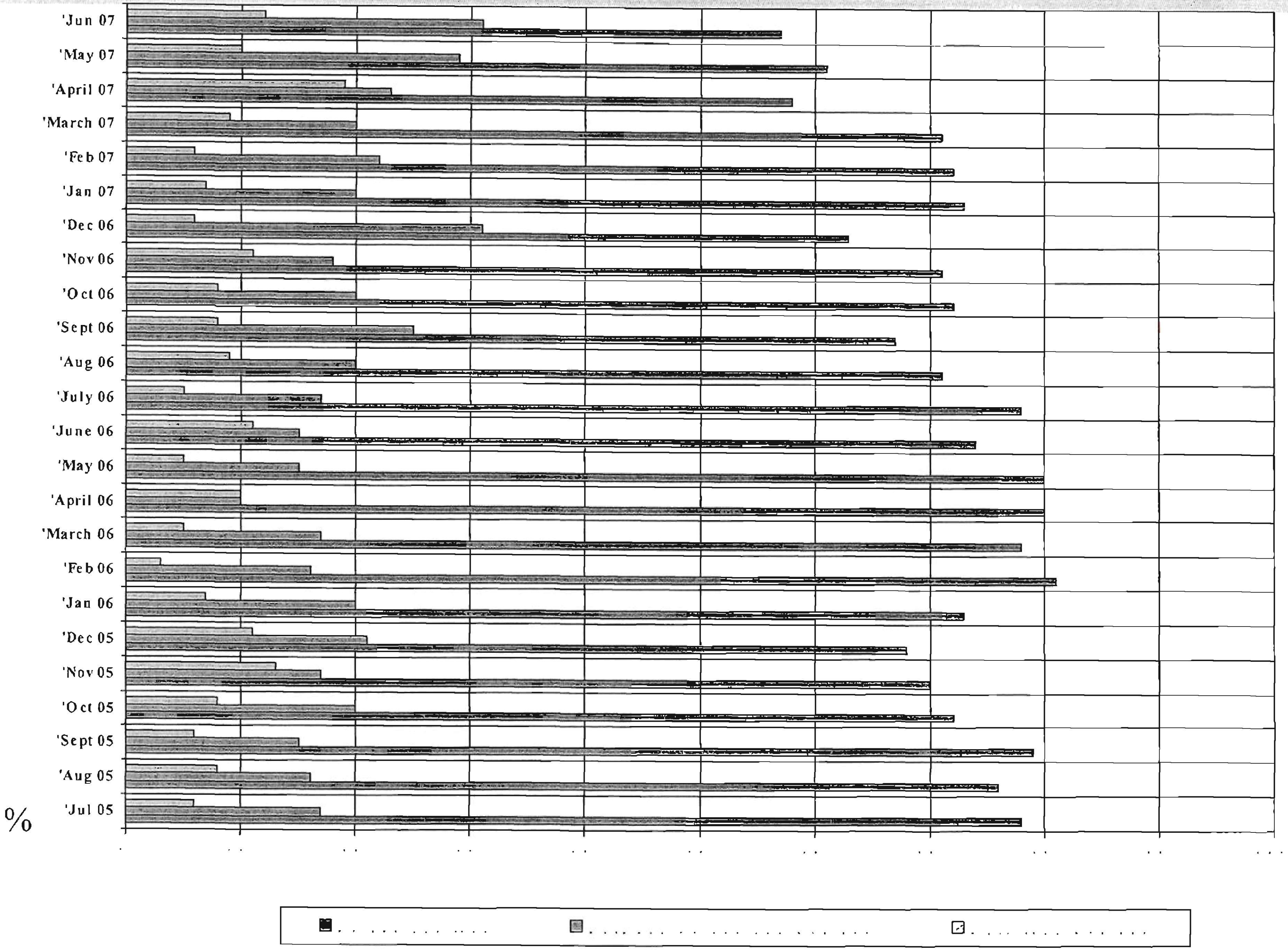
Annexure B10: Limpopo region



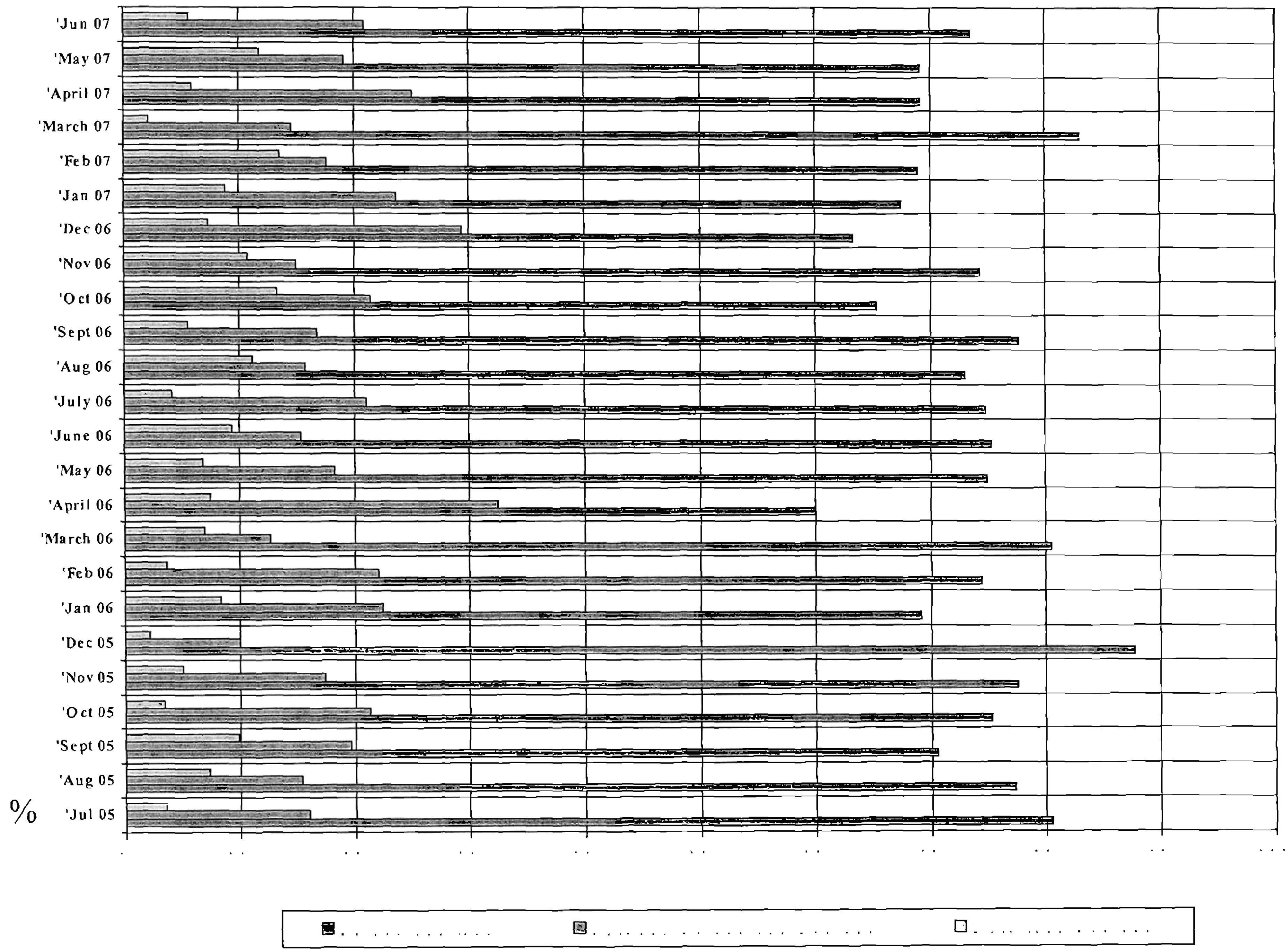
Annexure B11: Vaal Triangle region



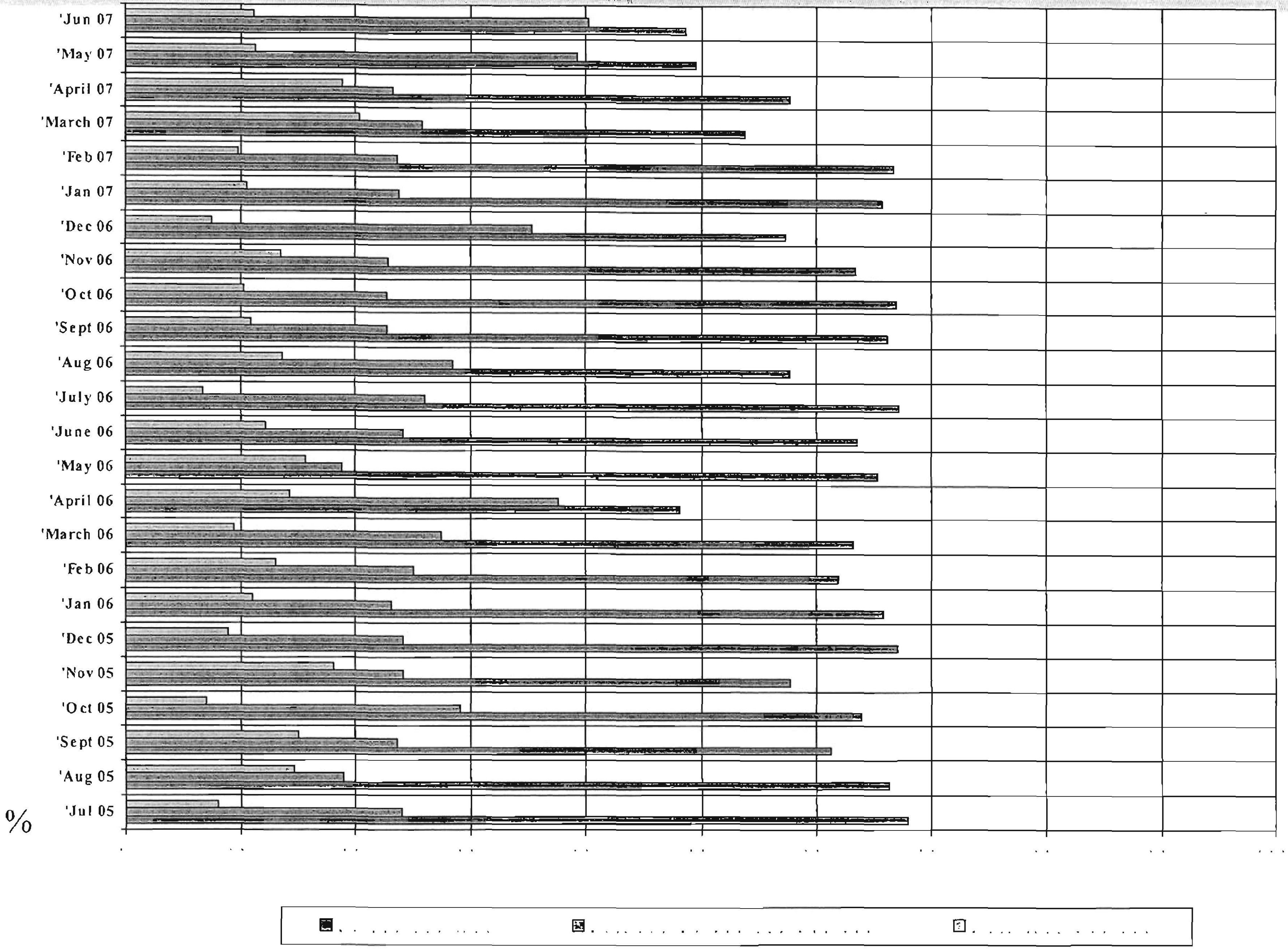
Annexure B12: Kroonstad region



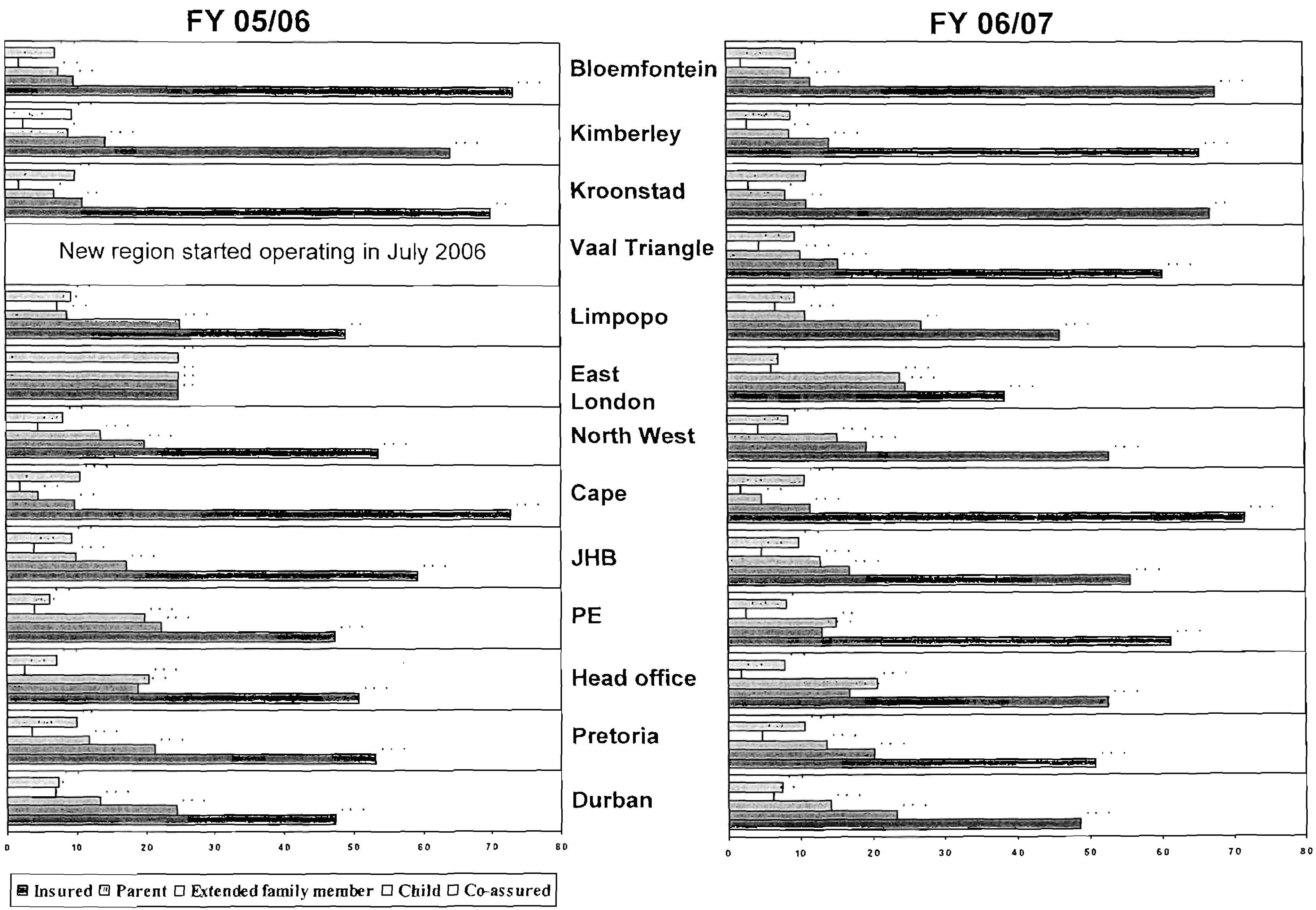
Annexure B13: Kimberley region



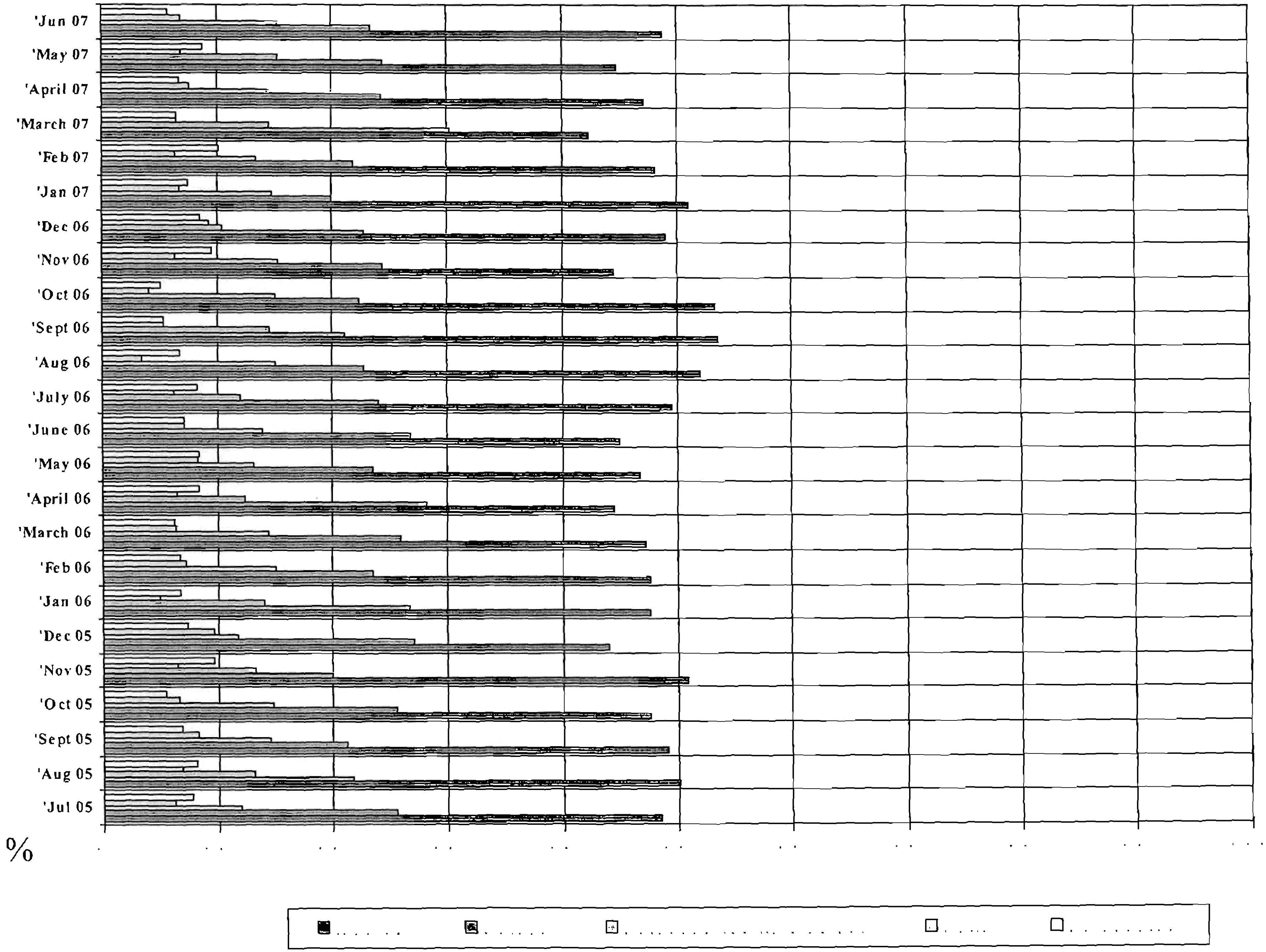
Annexure B14: Bloemfontein region



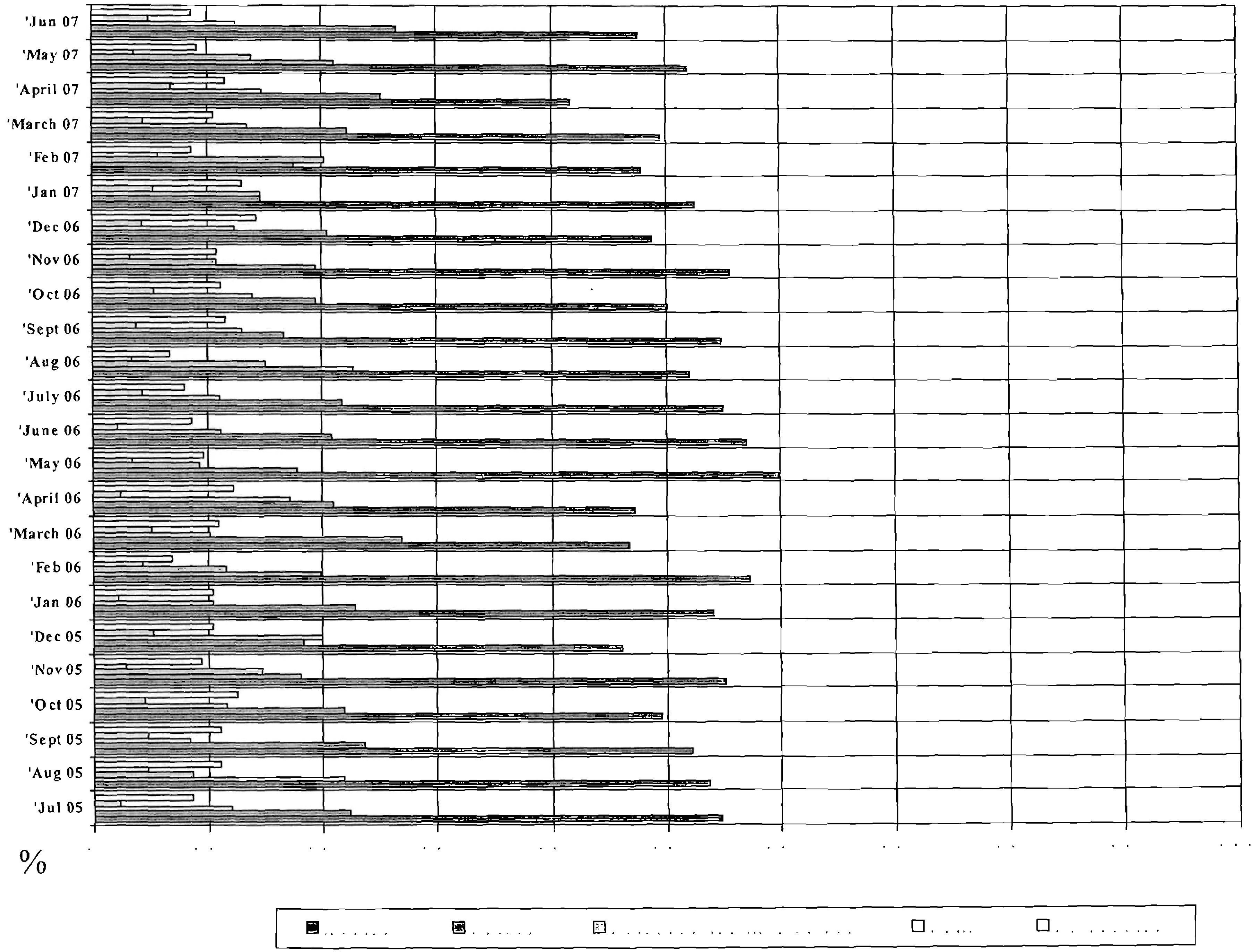
Annexure C1: Relationship of the deceased to the policy holder regional scope per financial year



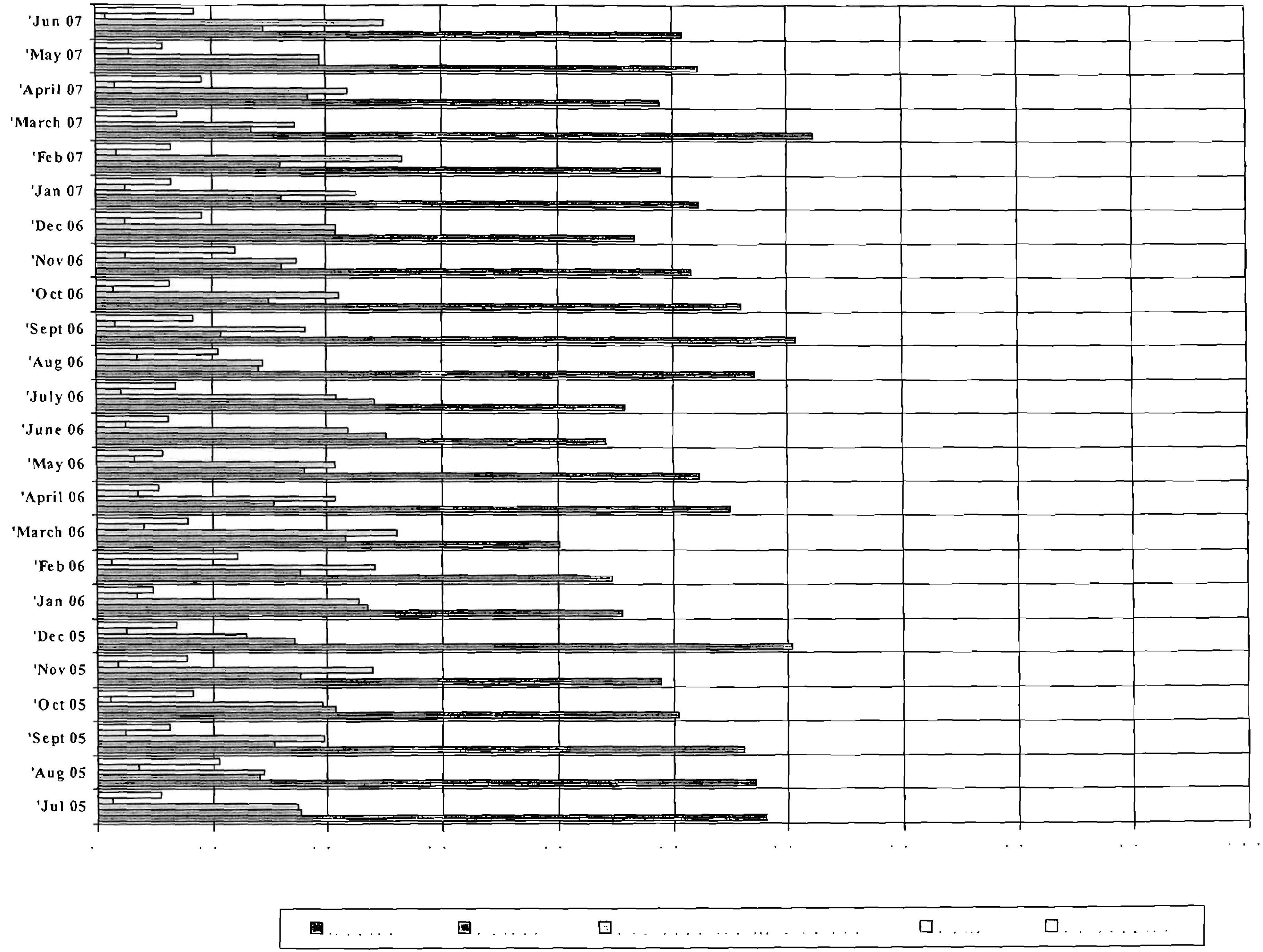
Annexure C2: Durban region



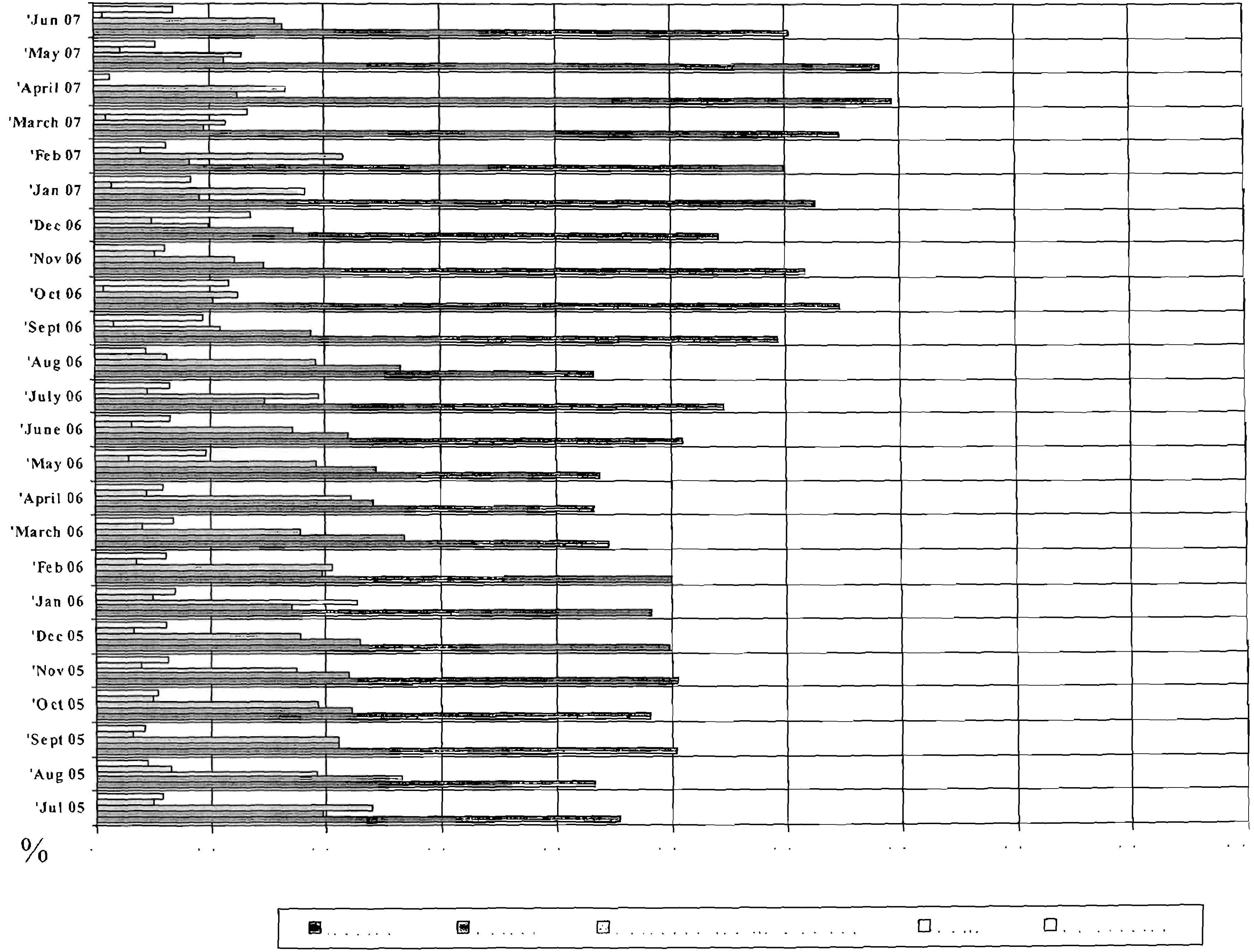
Annexure C3: Pretoria region



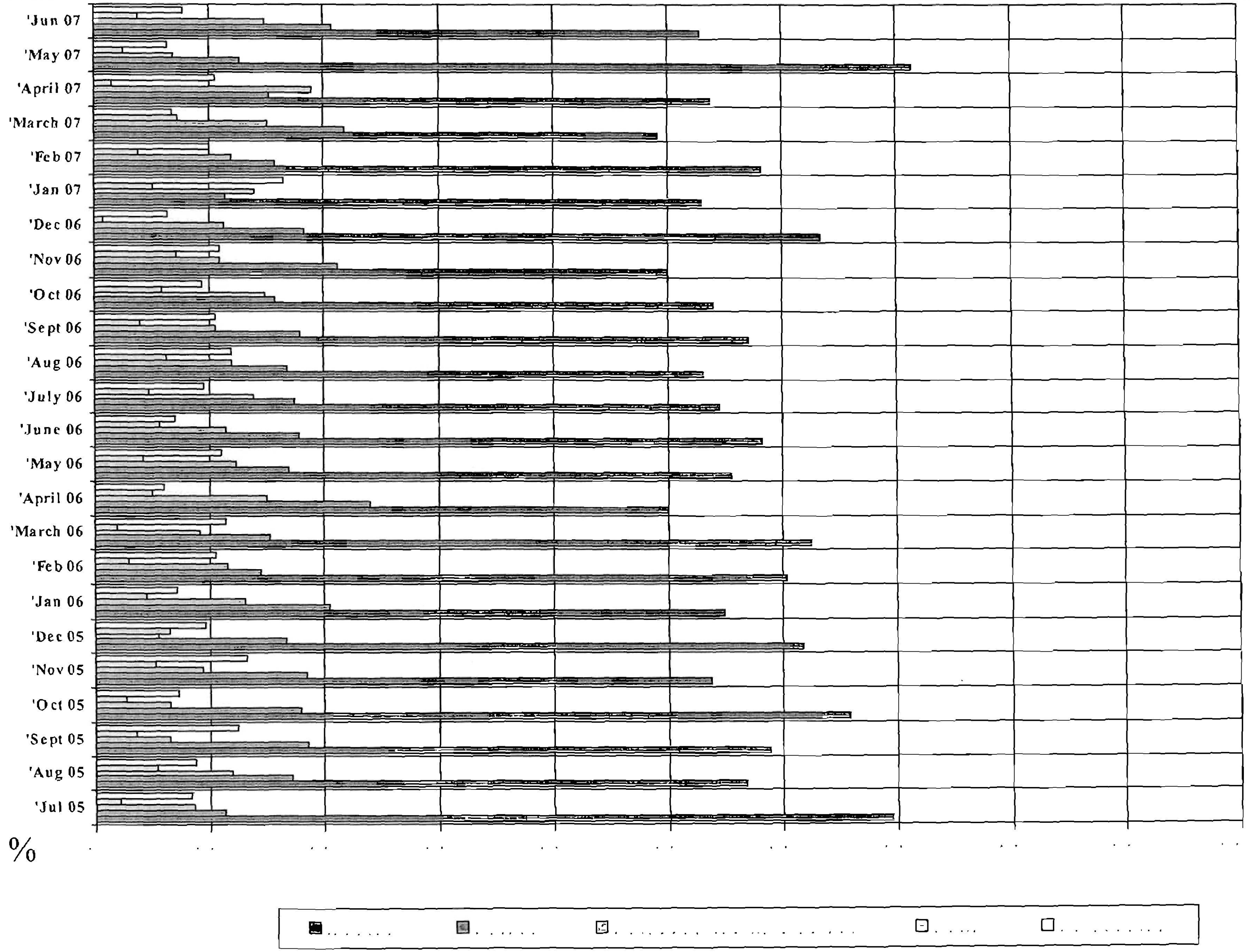
Annexure C4: Head office



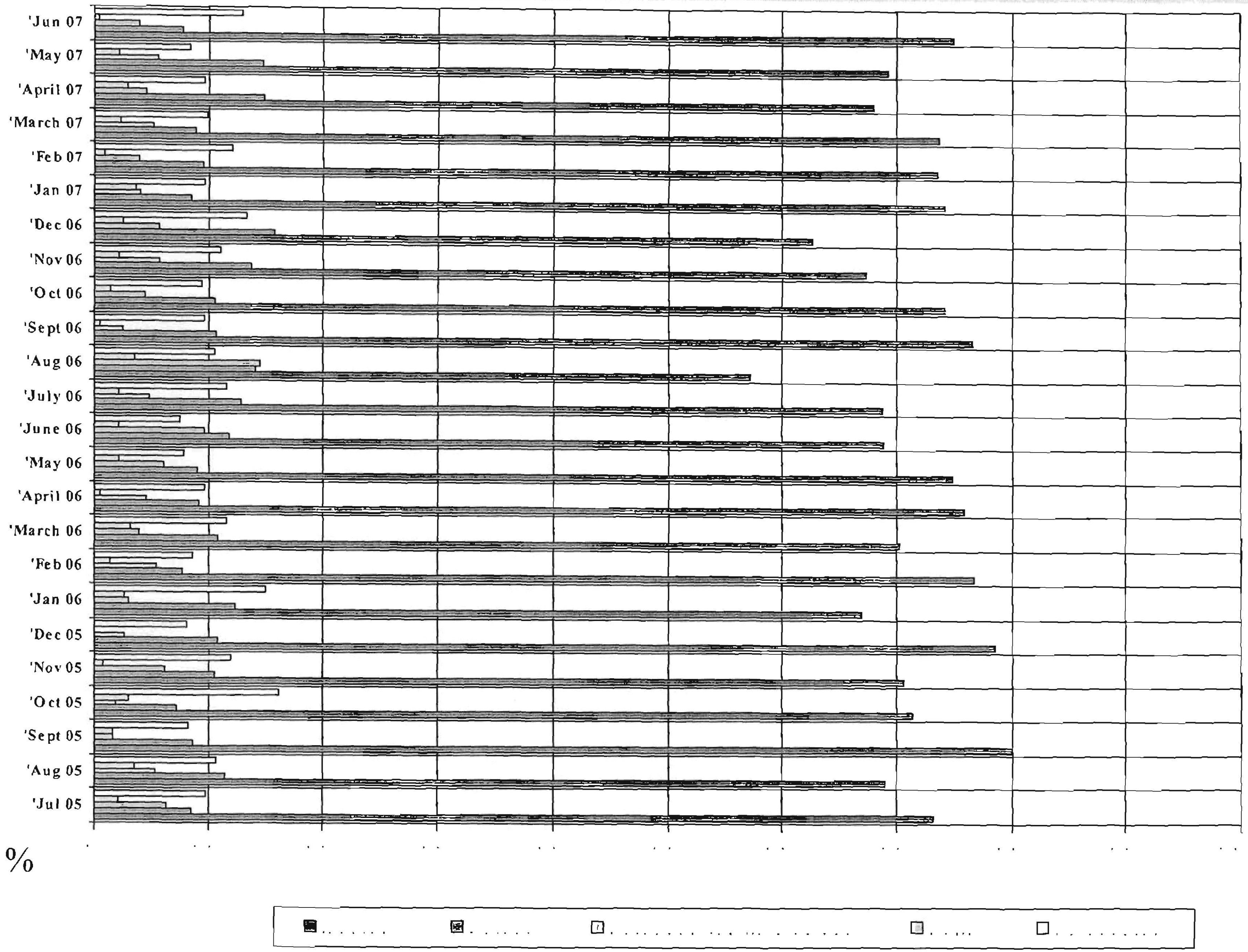
Annexure C5: Port Elizabeth region



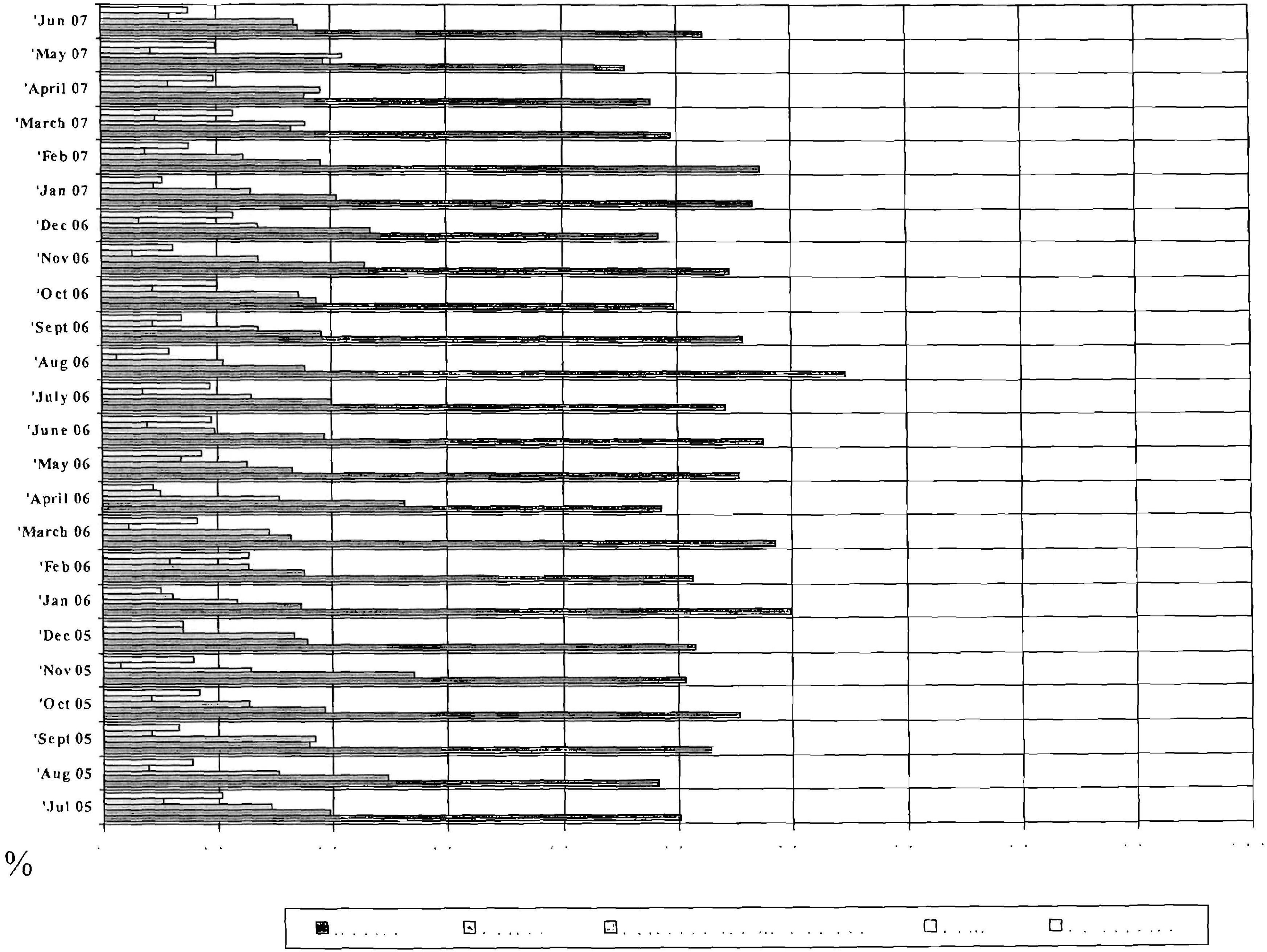
Annexure C6: Johannesburg region



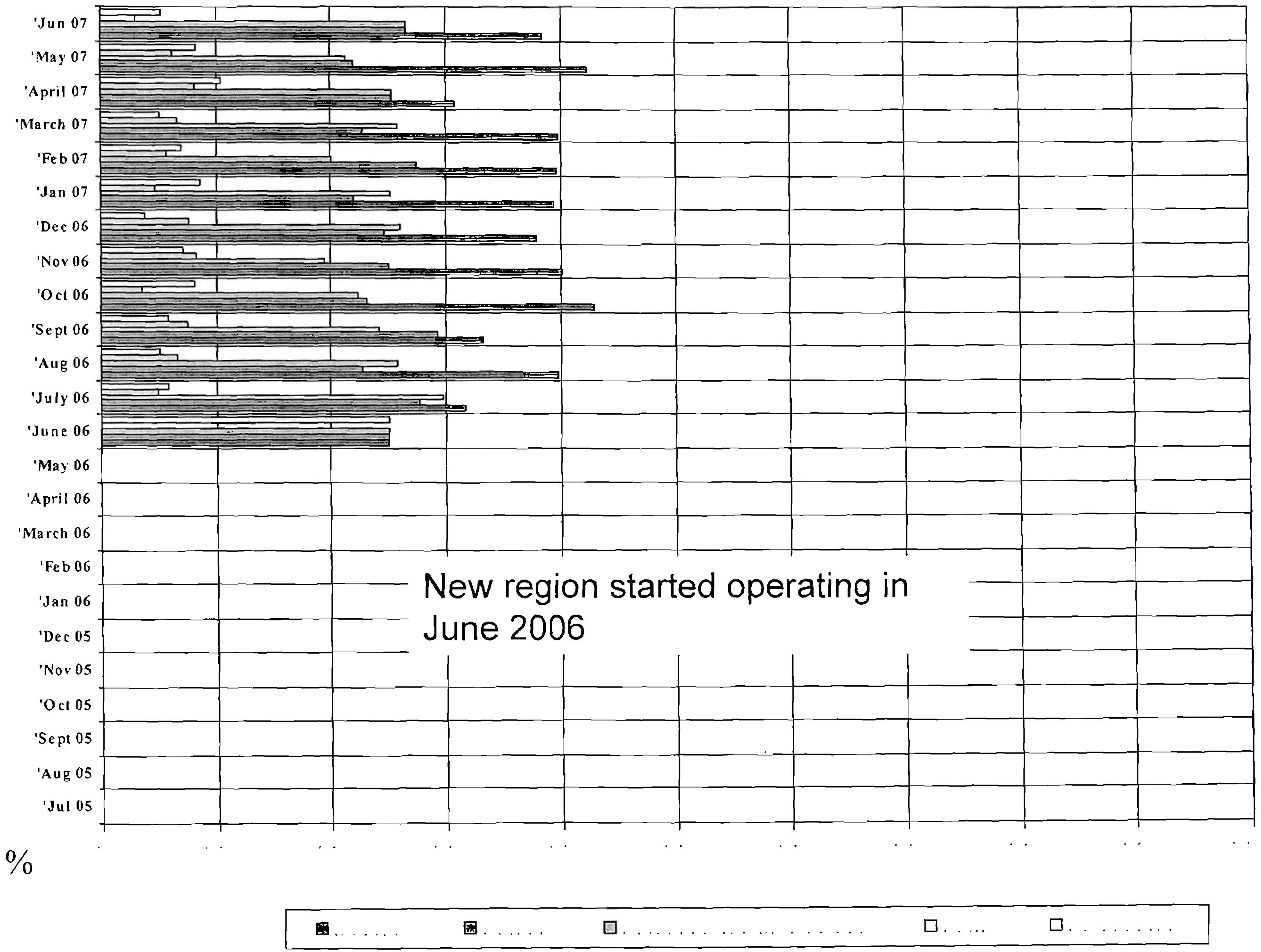
Annexure C7: Cape region



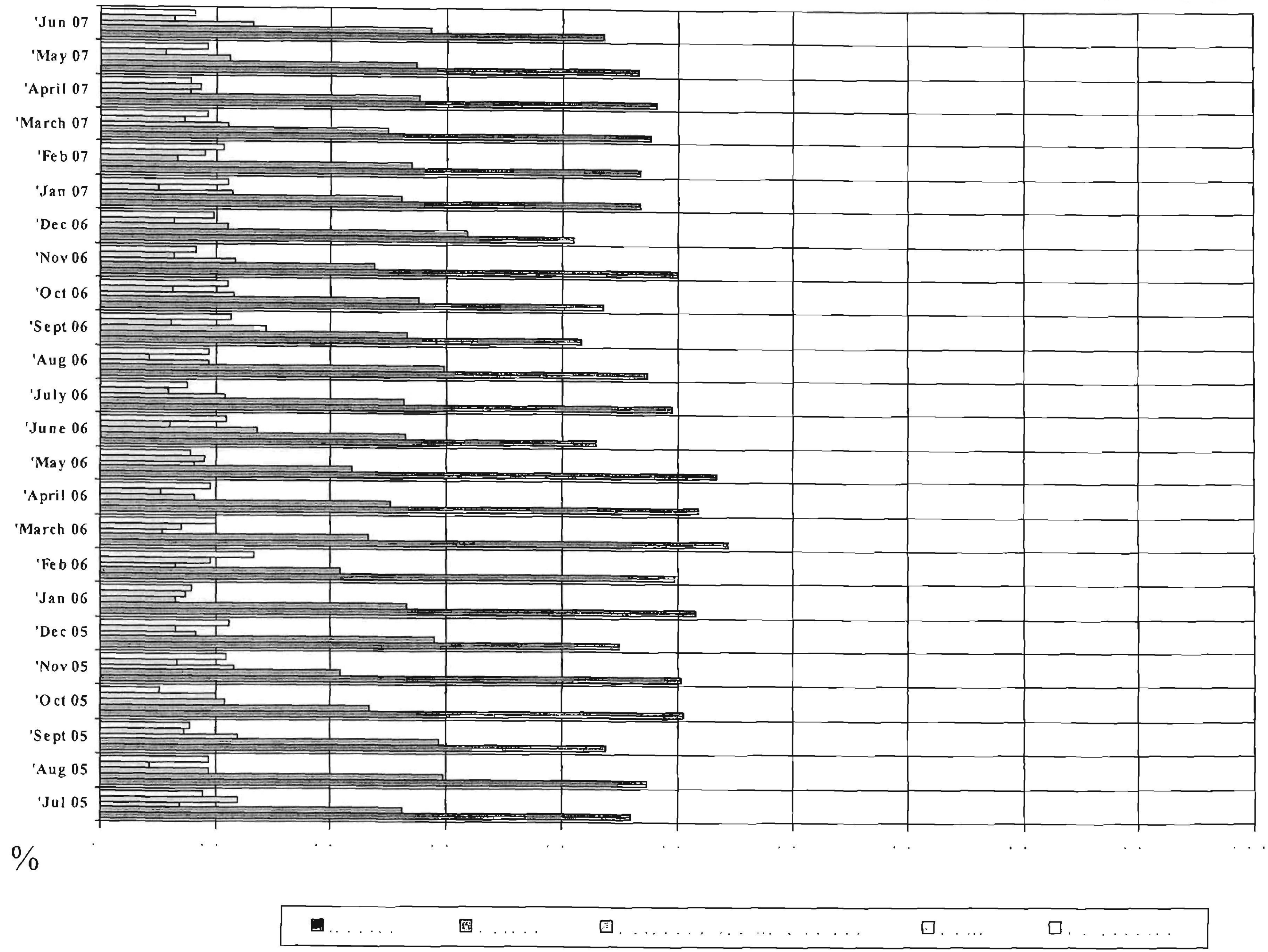
Annexure C8: North West region



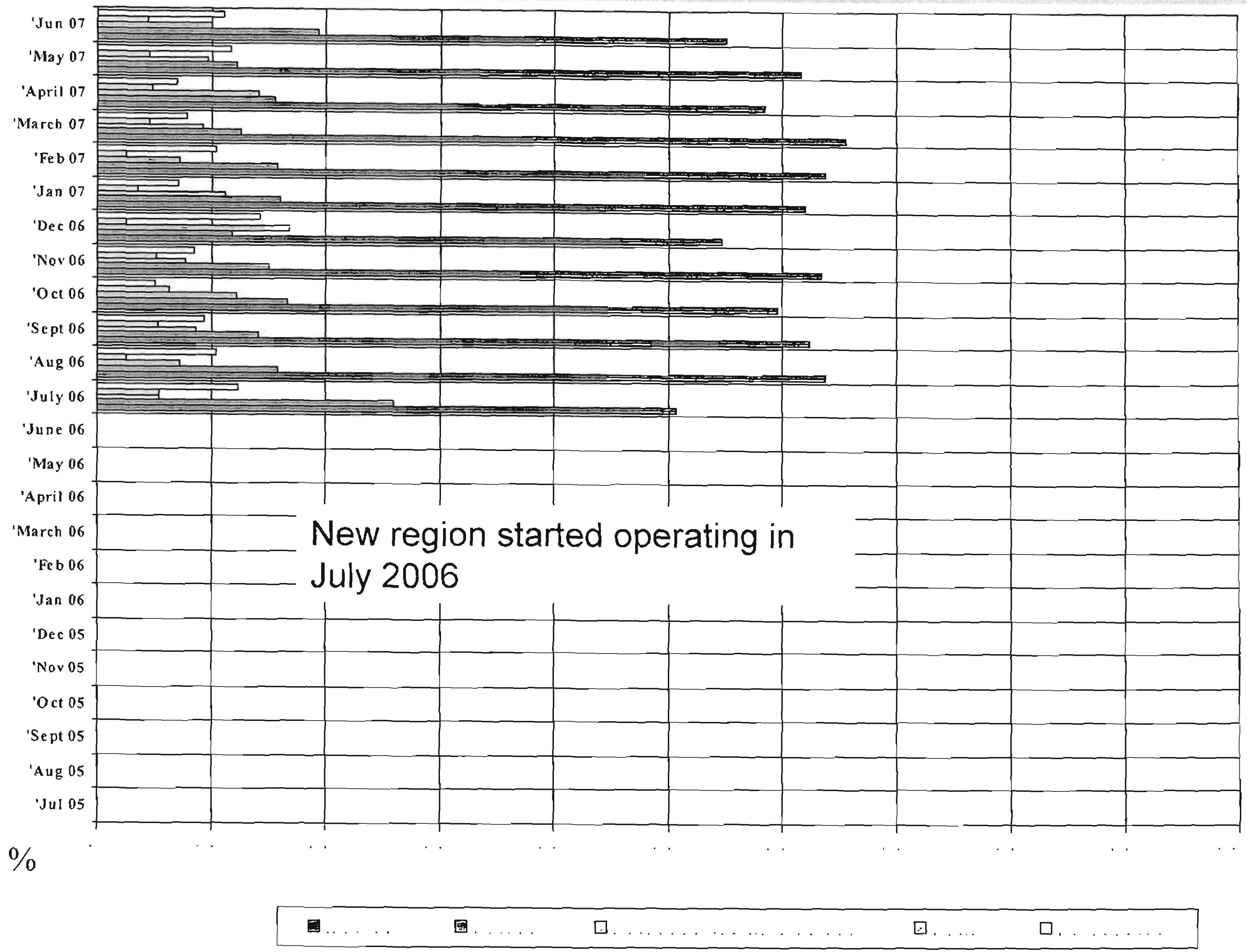
Annexure C9: East London region



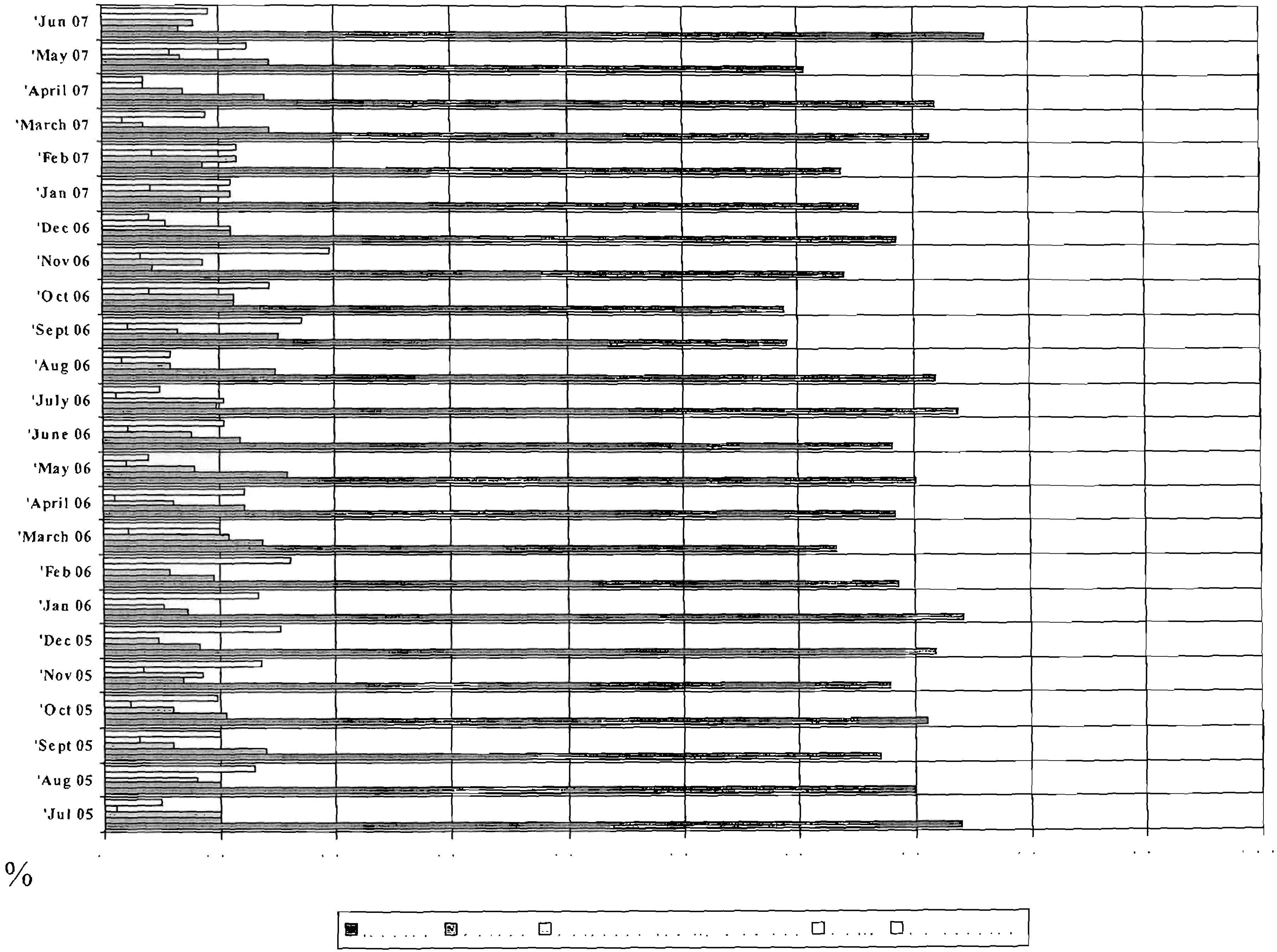
Annexure C10: Limpopo region



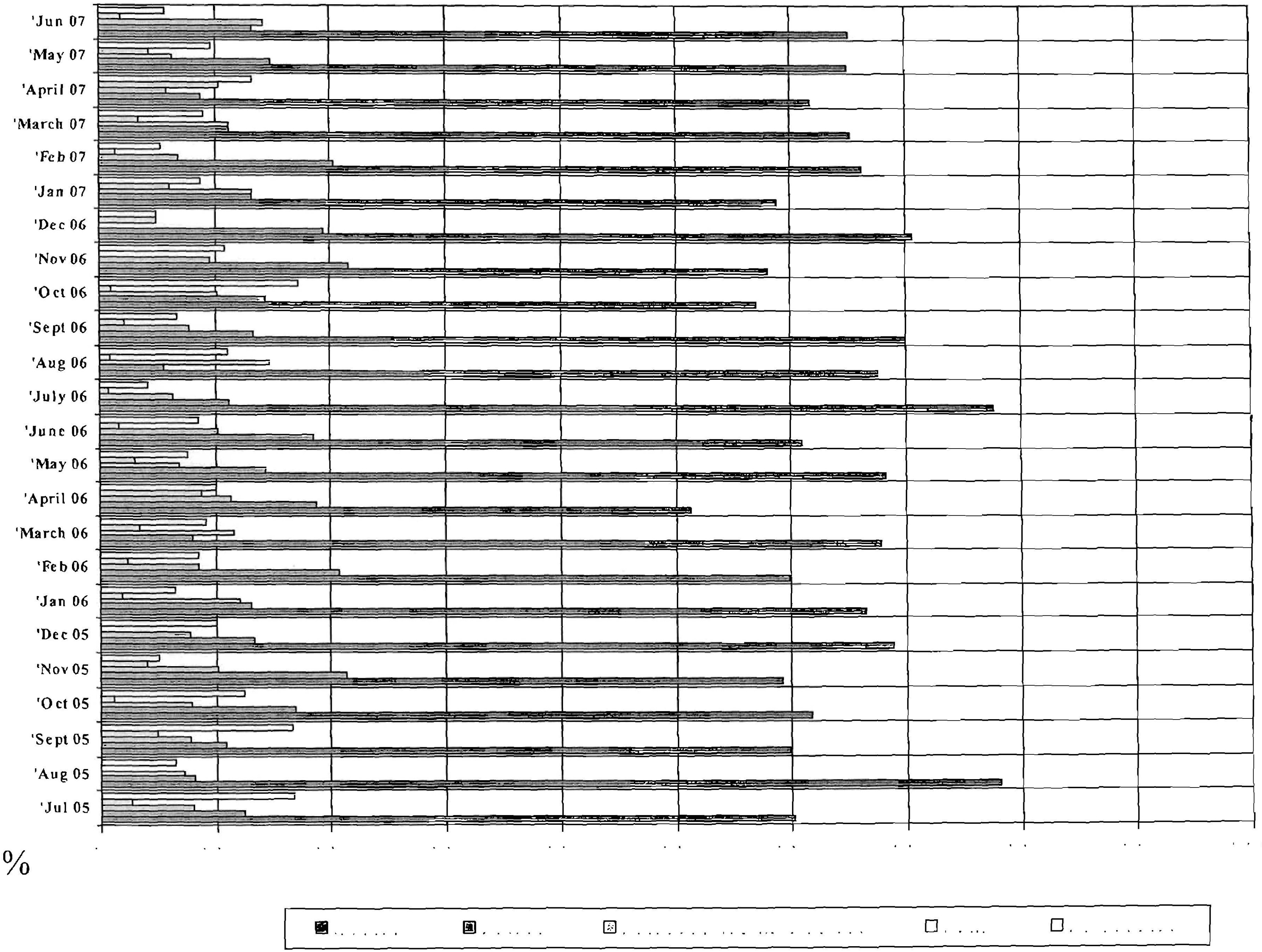
Annexure C11: Vaal Triangle region



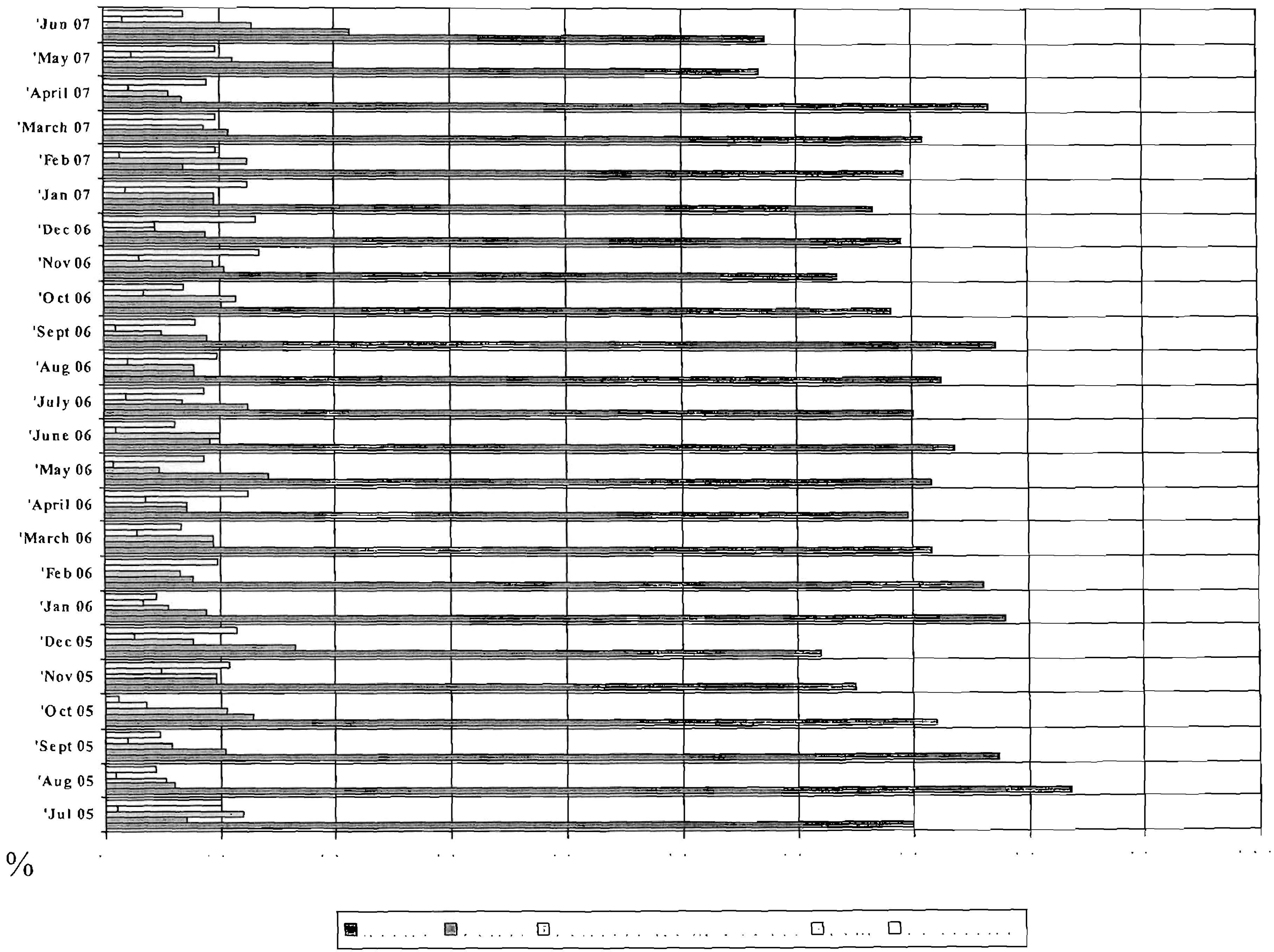
Annexure C12: Kroonstad region



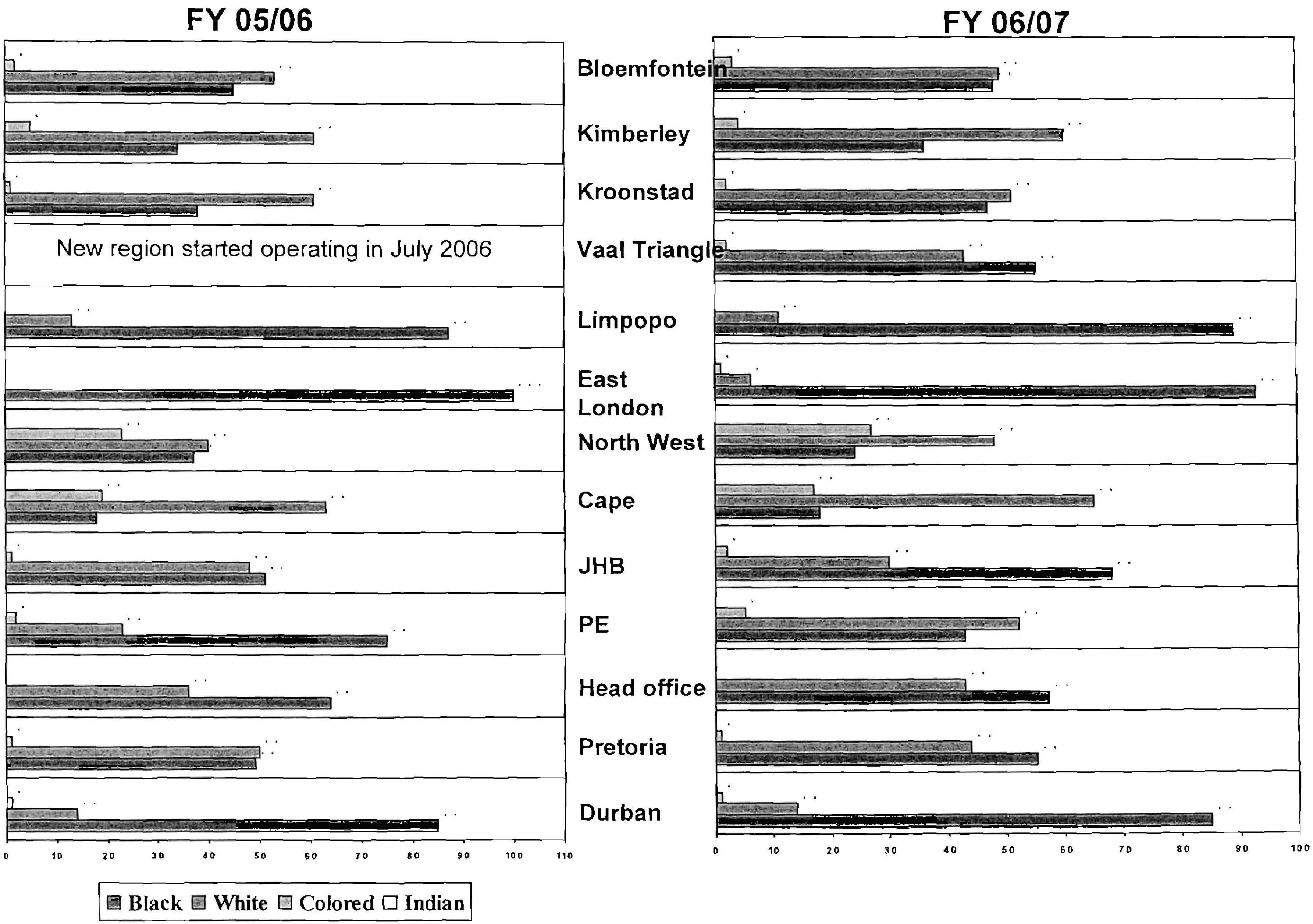
Annexure C13: Kimberley region



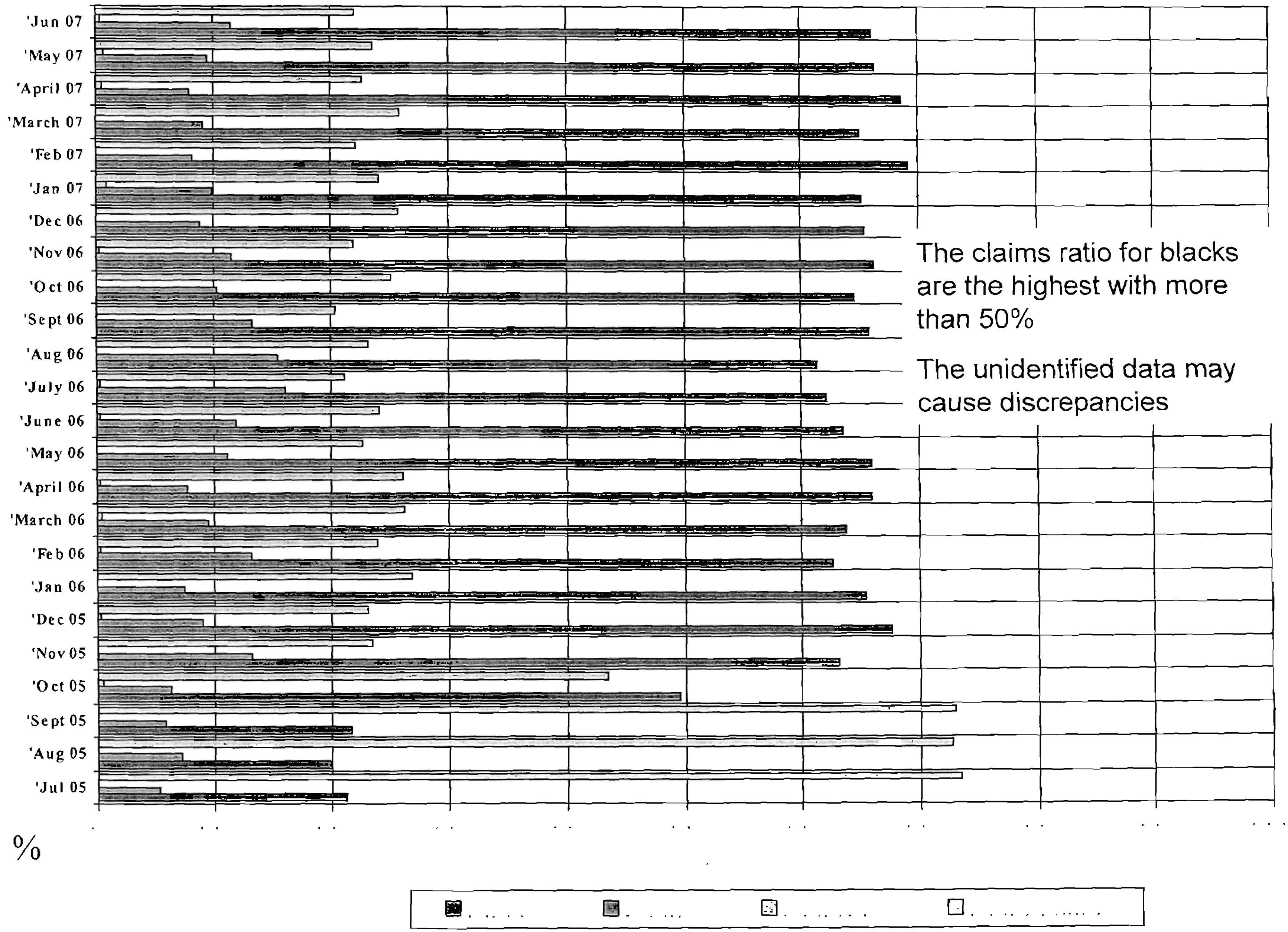
Annexure C14: Bloemfontein region



Annexure D1: Claims per race regional scope per financial year



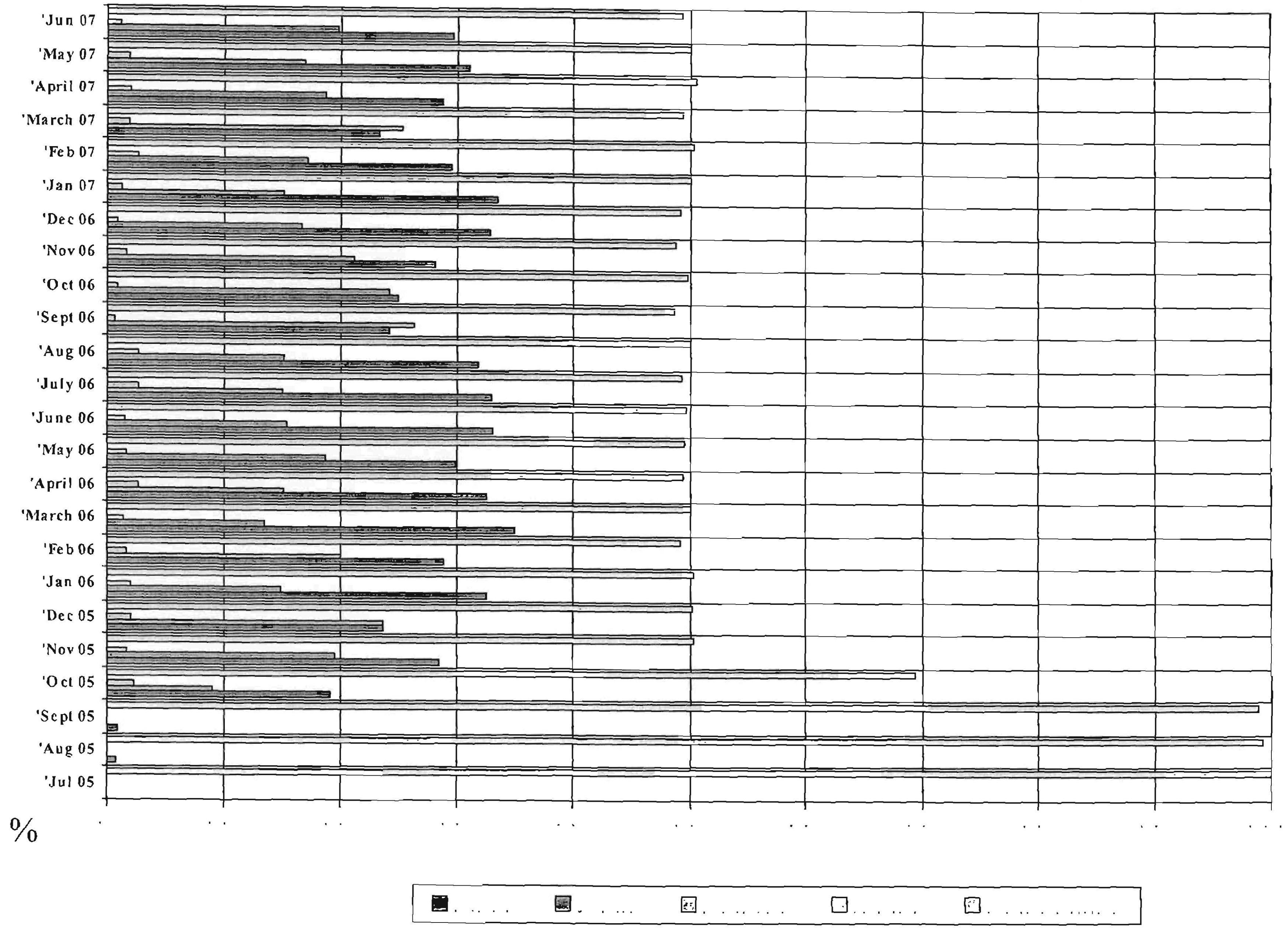
Annexure D2: Durban region



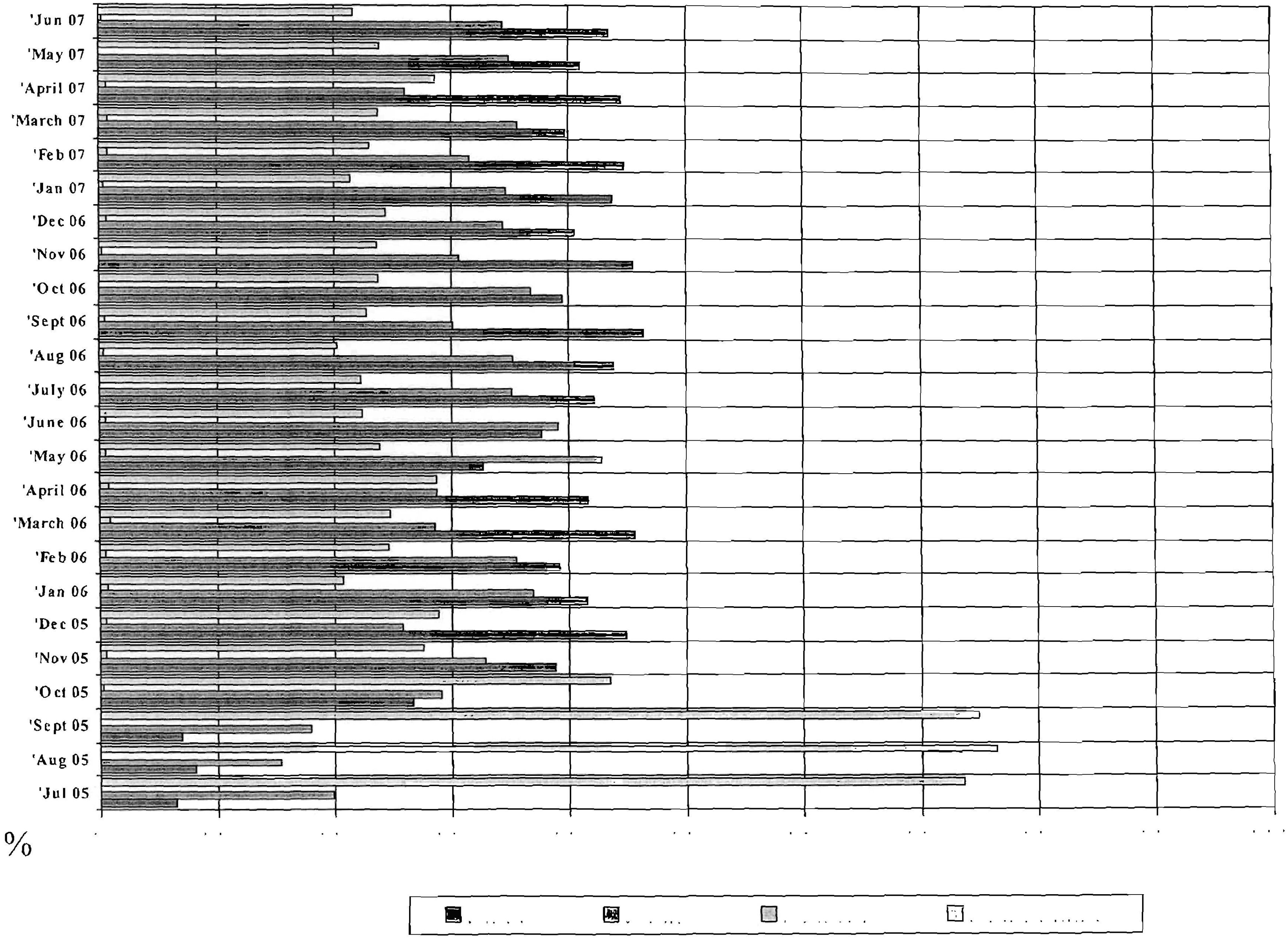
The claims ratio for blacks are the highest with more than 50%

The unidentified data may cause discrepancies

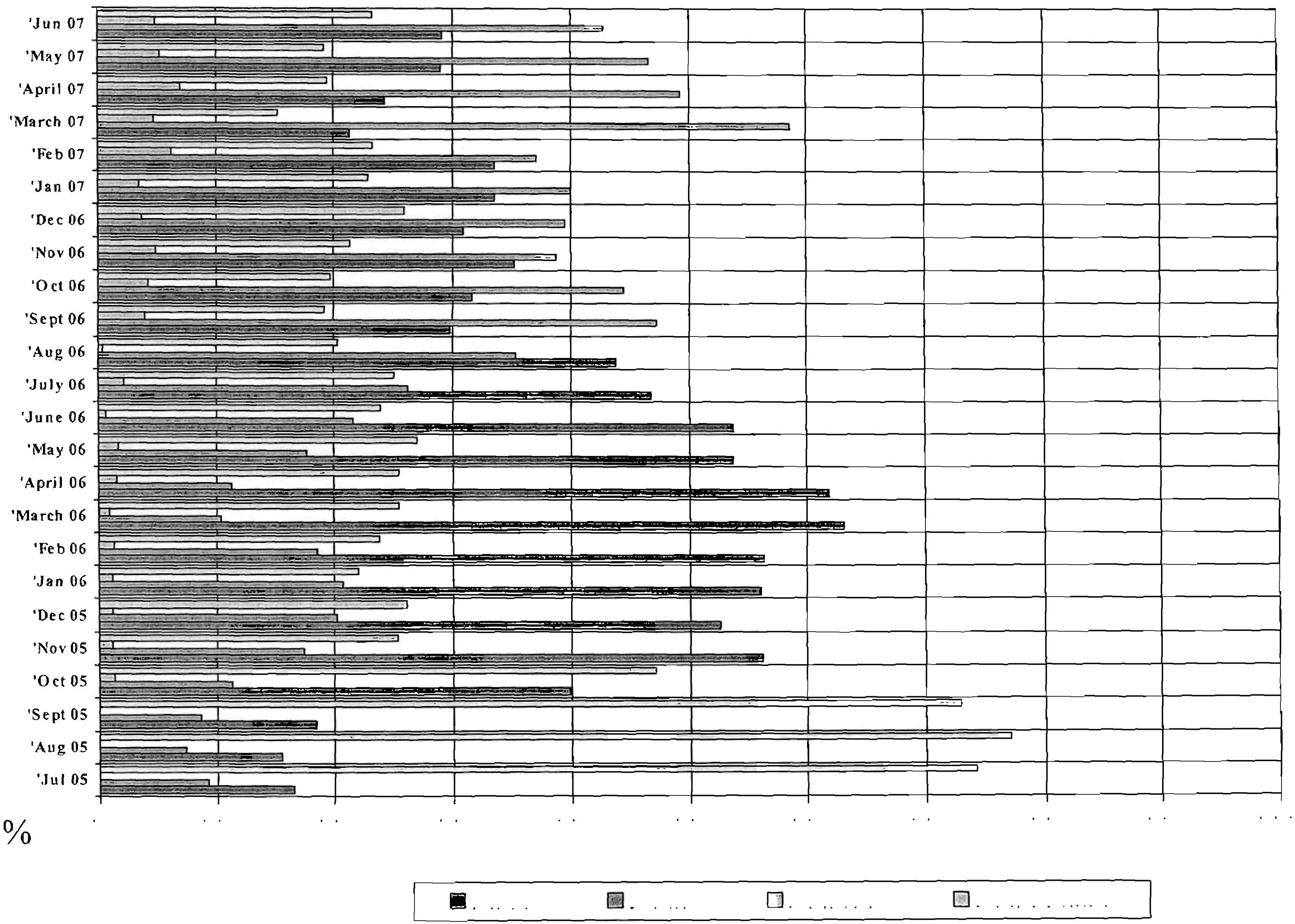
Annexure D3: Head office



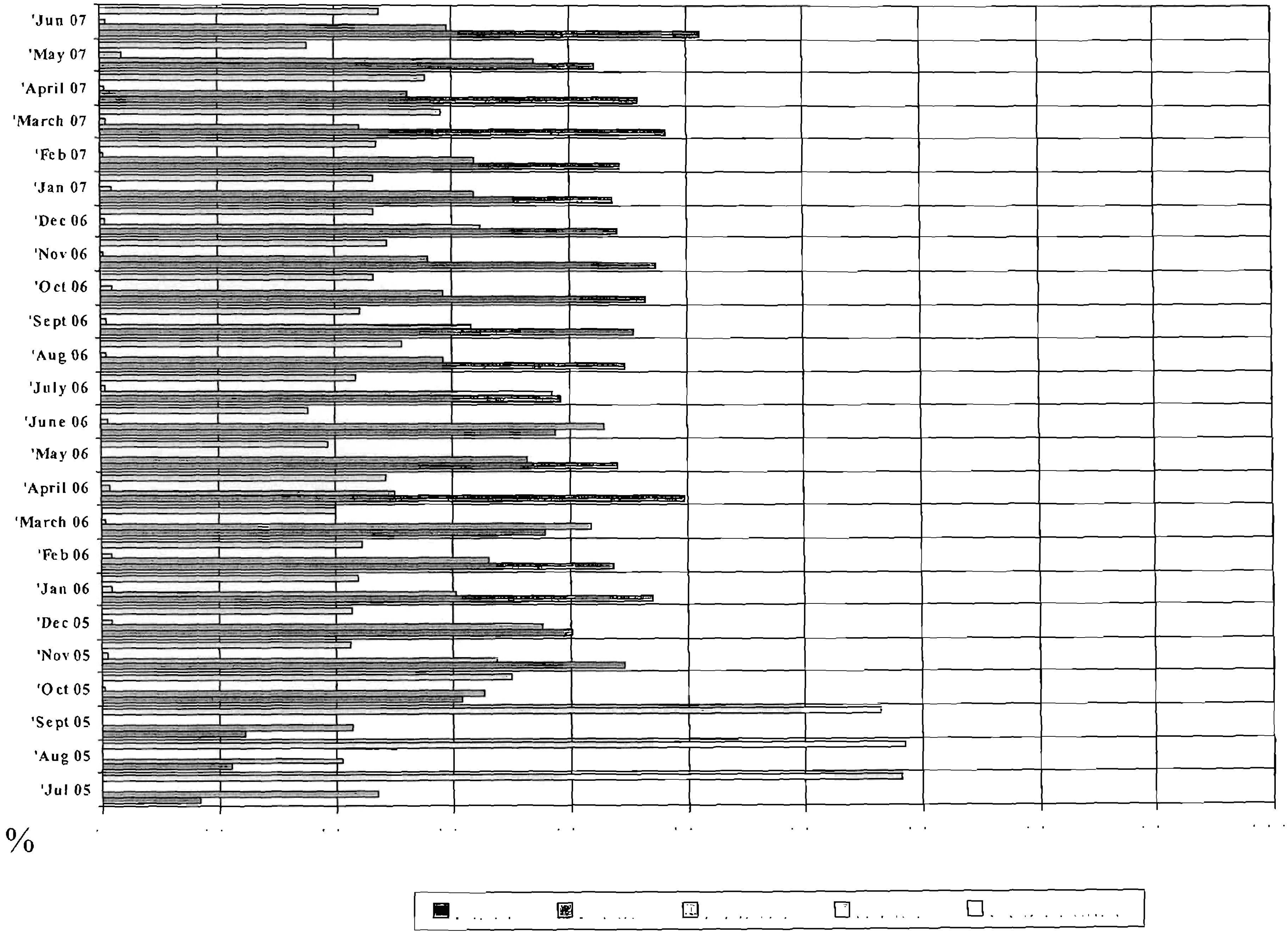
Annexure D4: Pretoria region



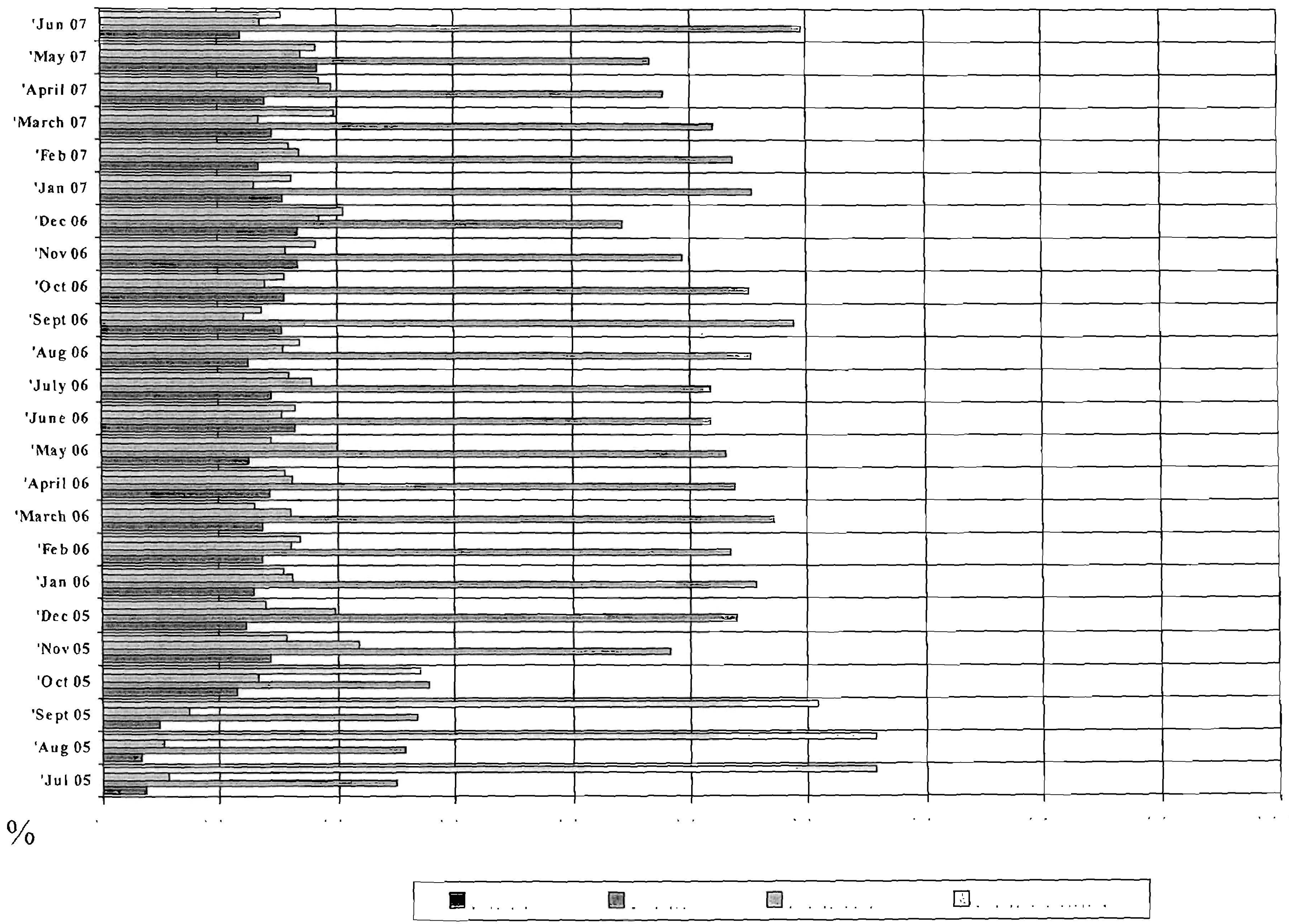
Annexure D5: Port Elizabeth region



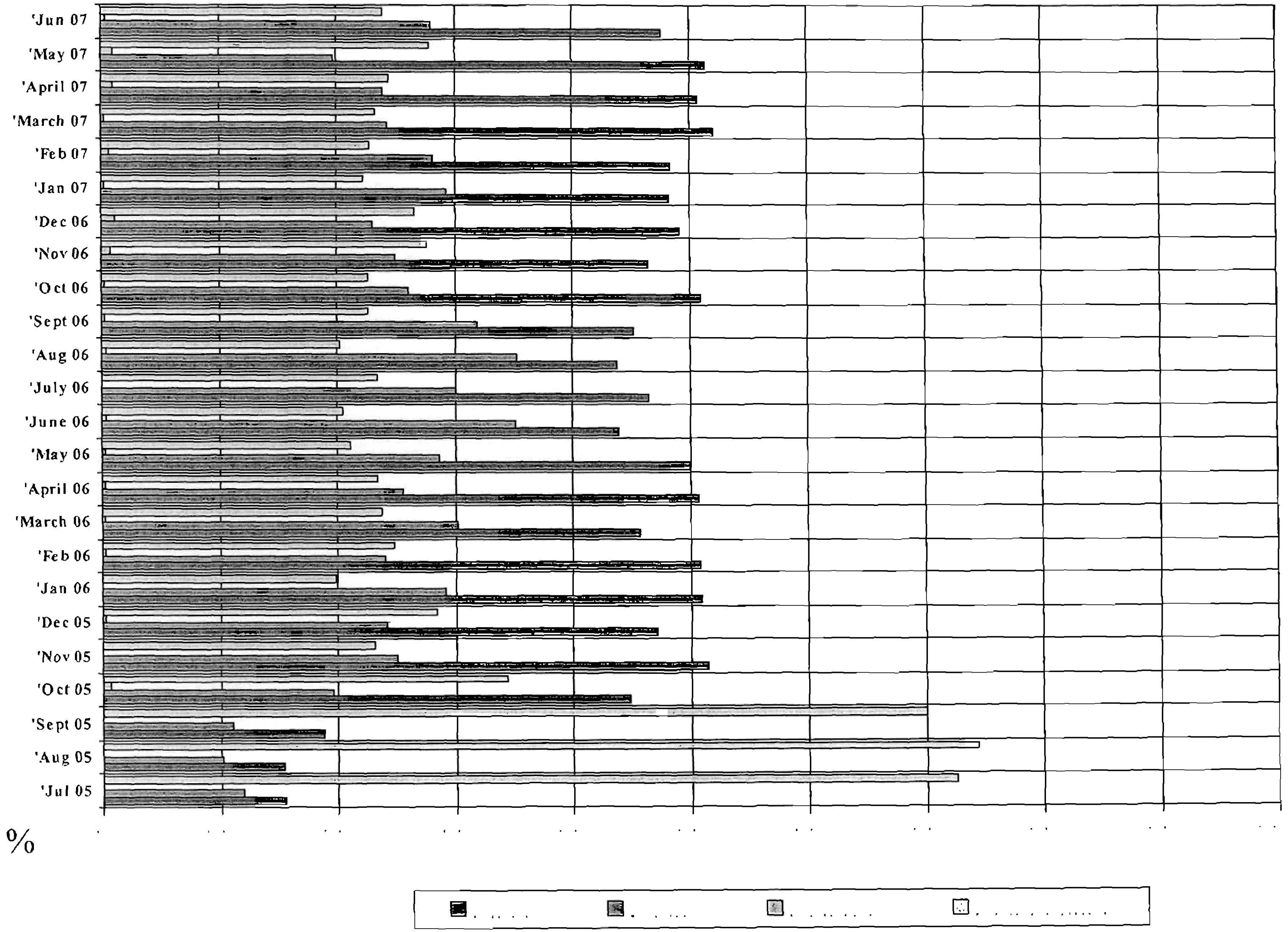
Annexure D6: Johannesburg region



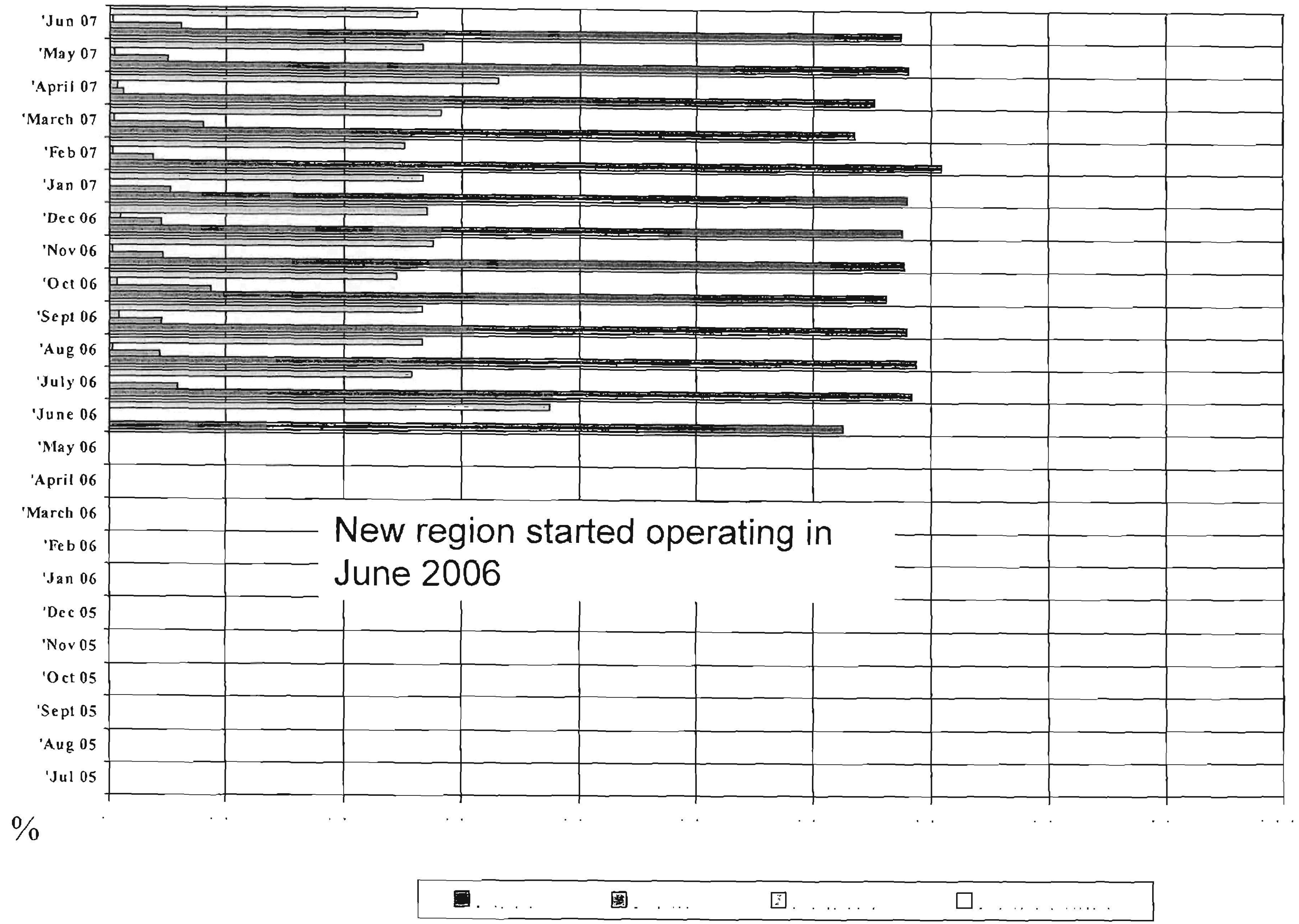
Annexure D7: Cape region



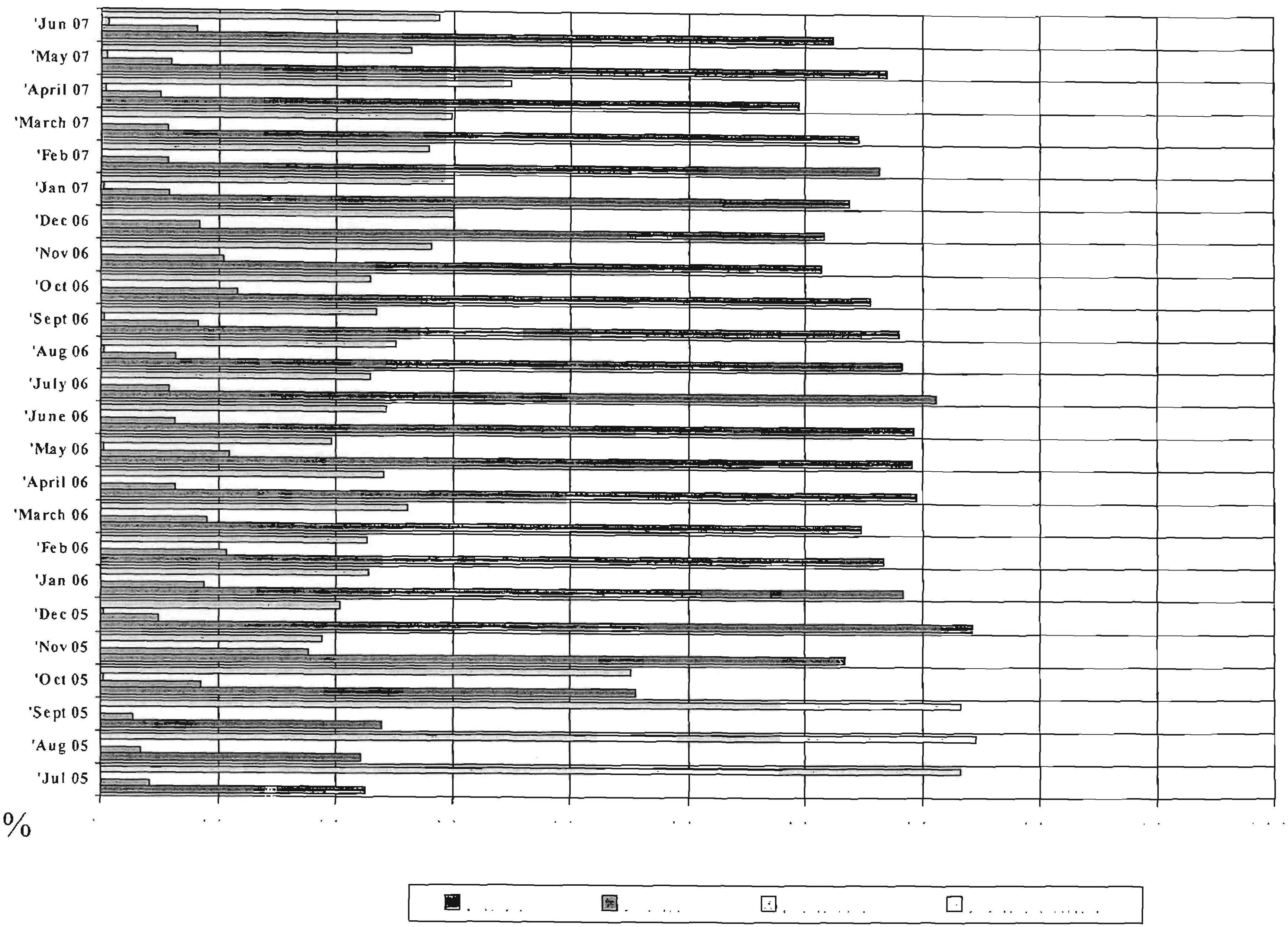
Annexure D8: North West region



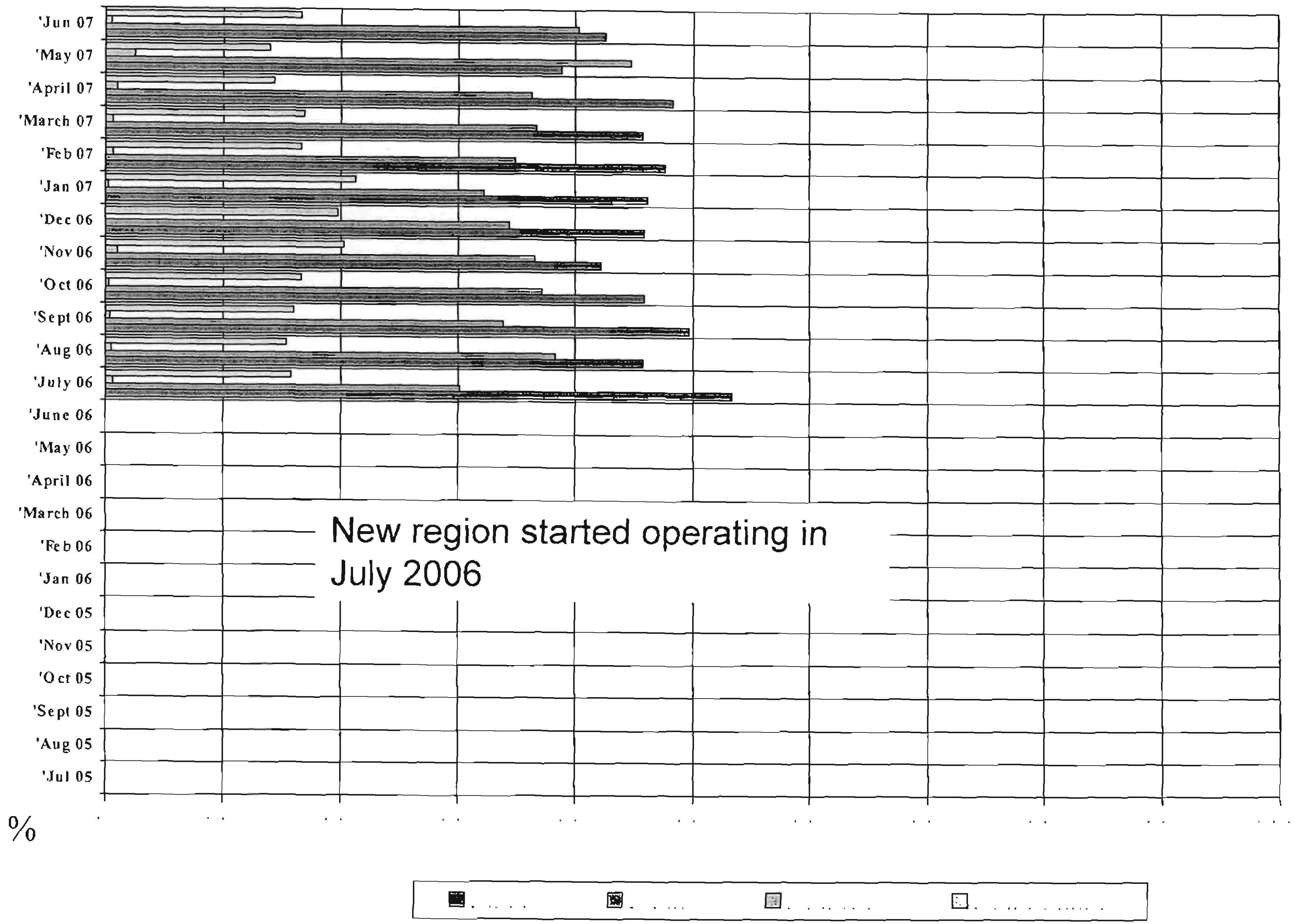
Annexure D9: East London region



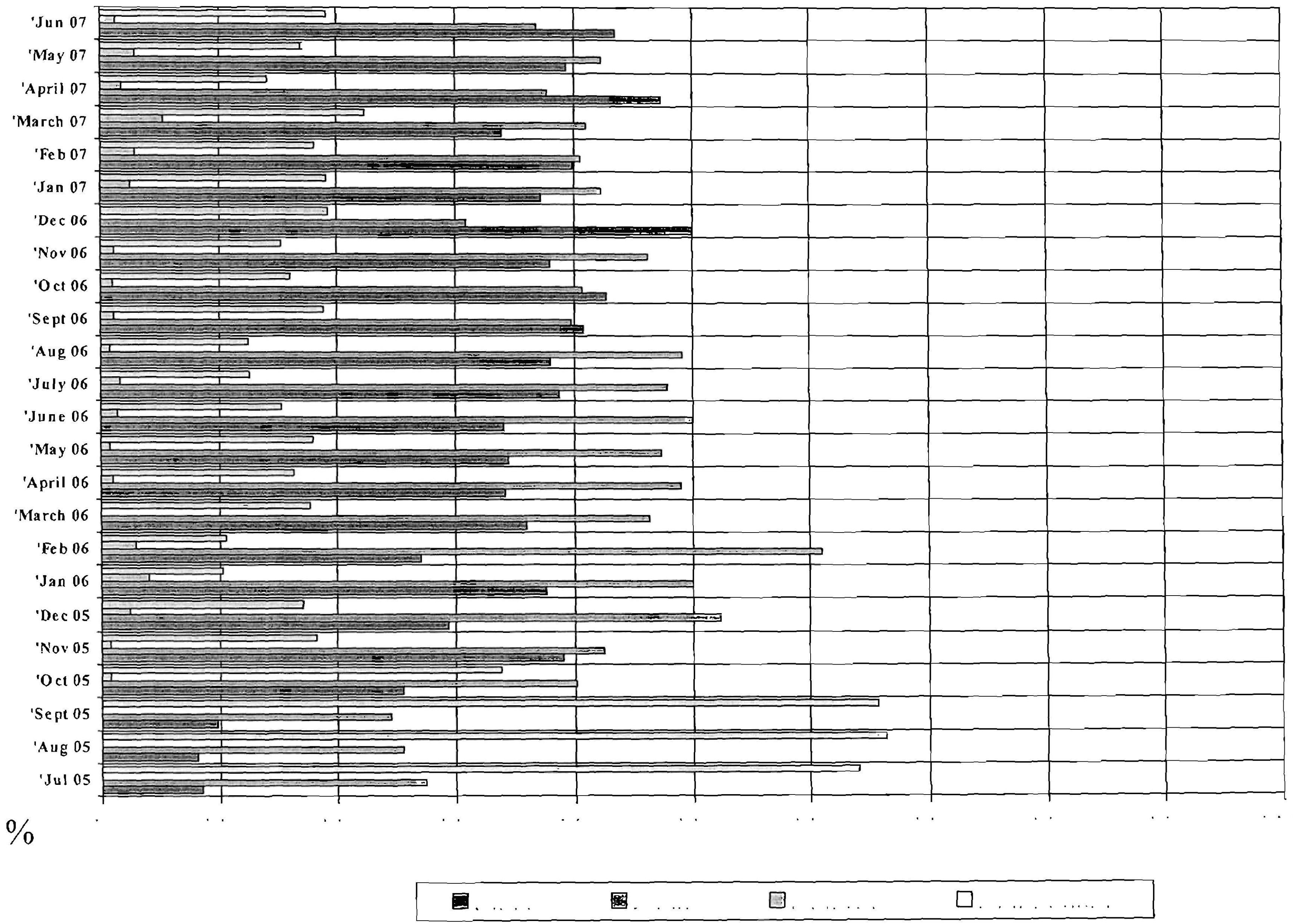
Annexure D10: Limpopo region



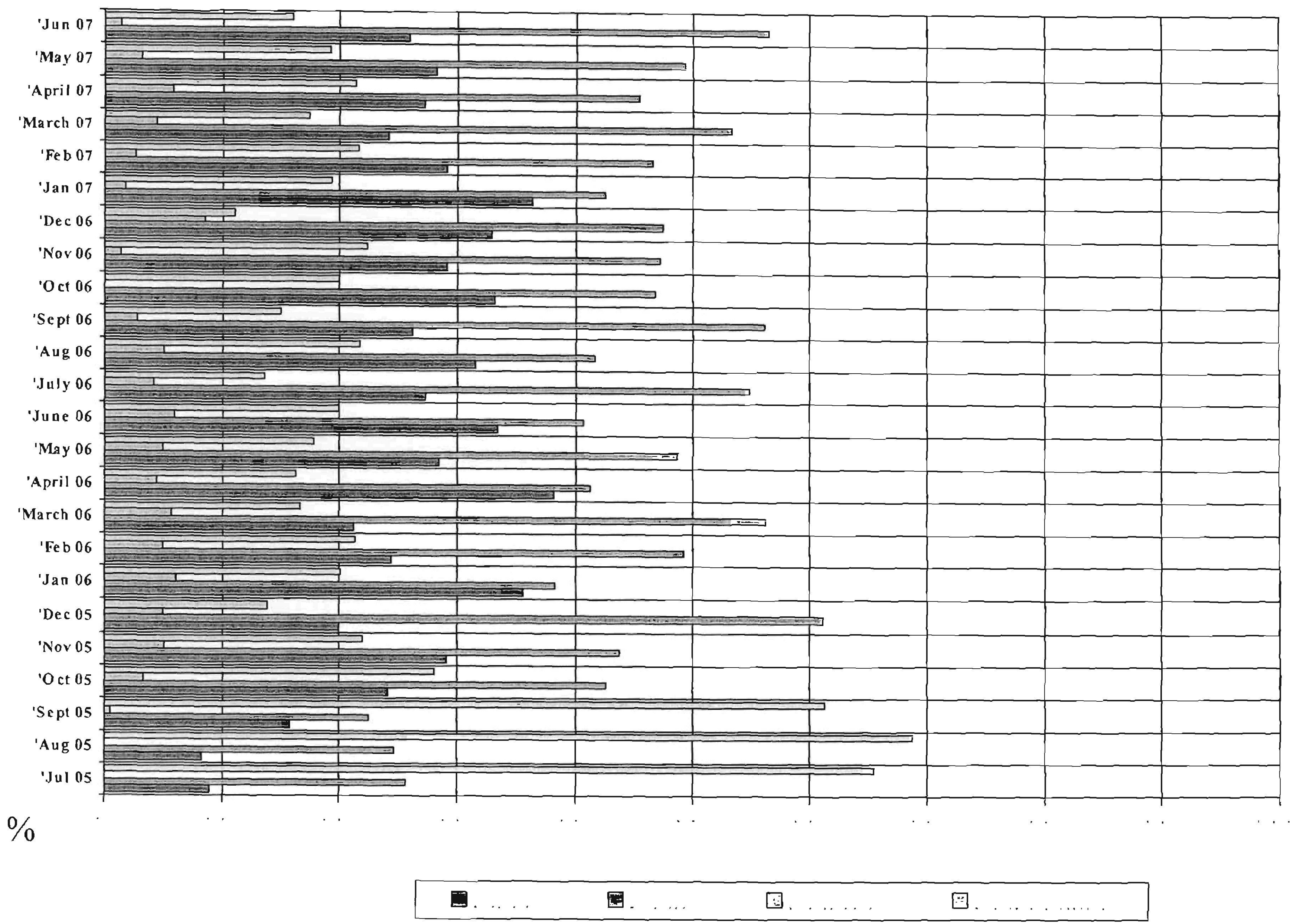
Annexure D11: Vaal Triangle region



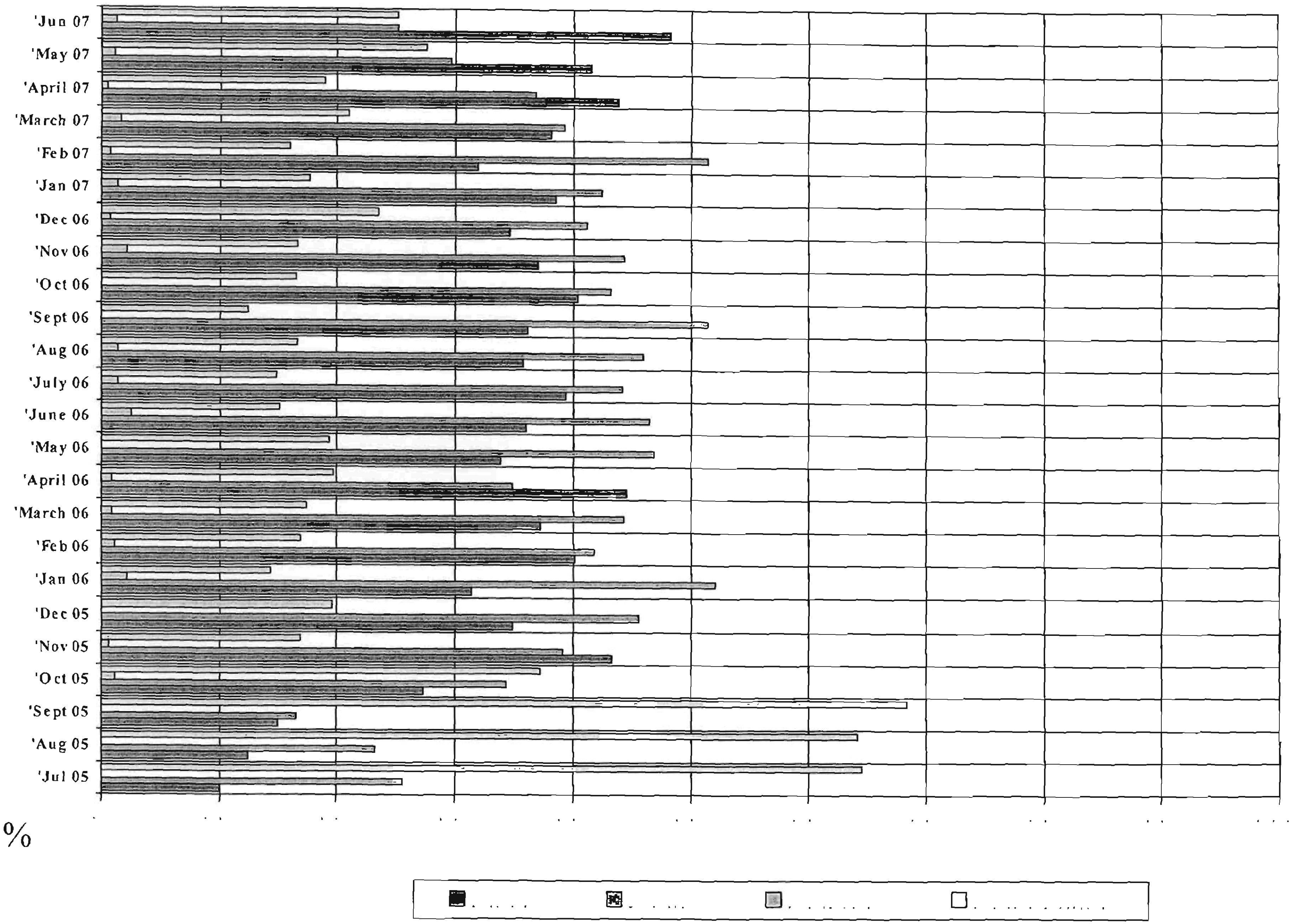
Annexure D12: Kroonstad region



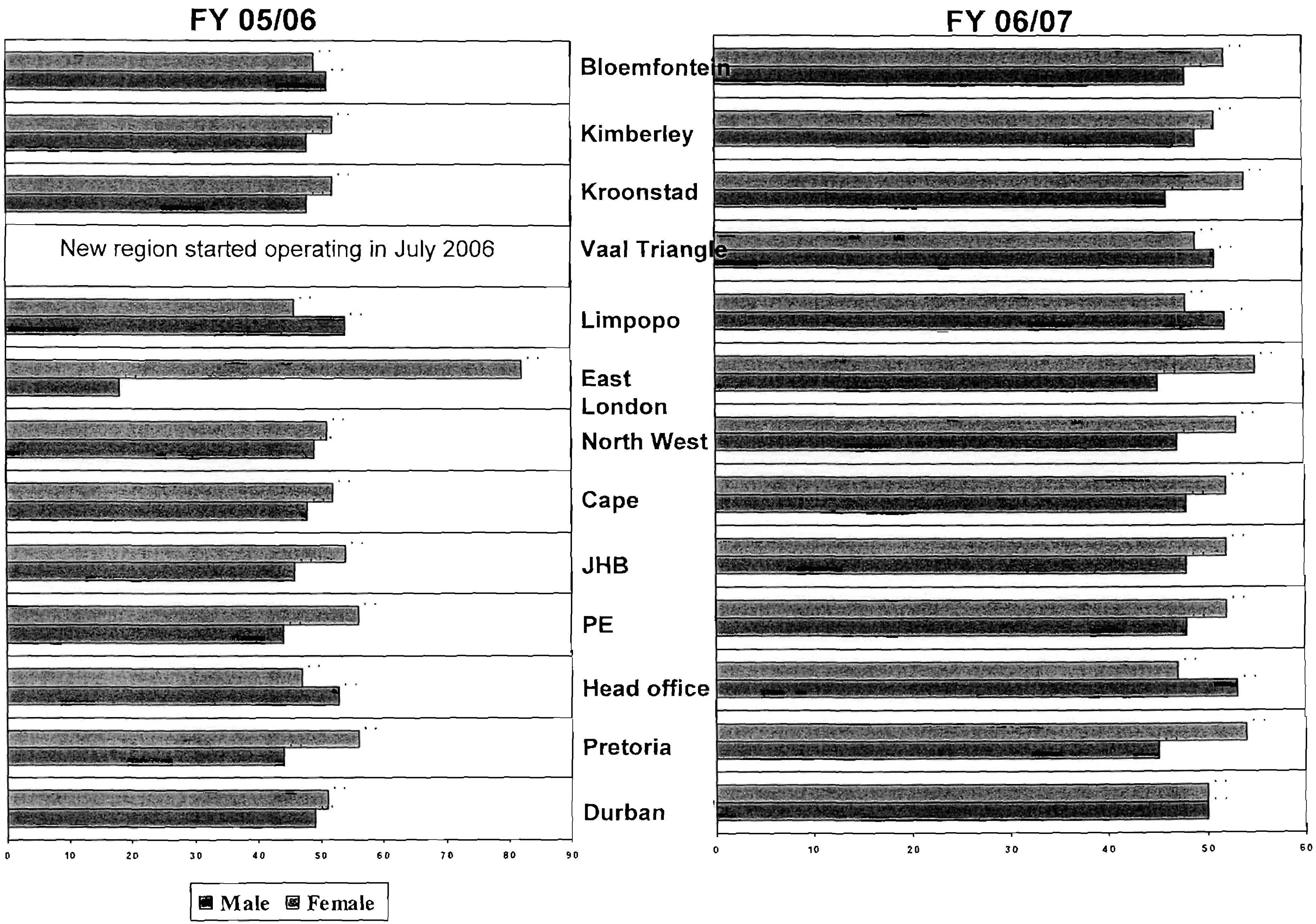
Annexure D13: Kimberley region



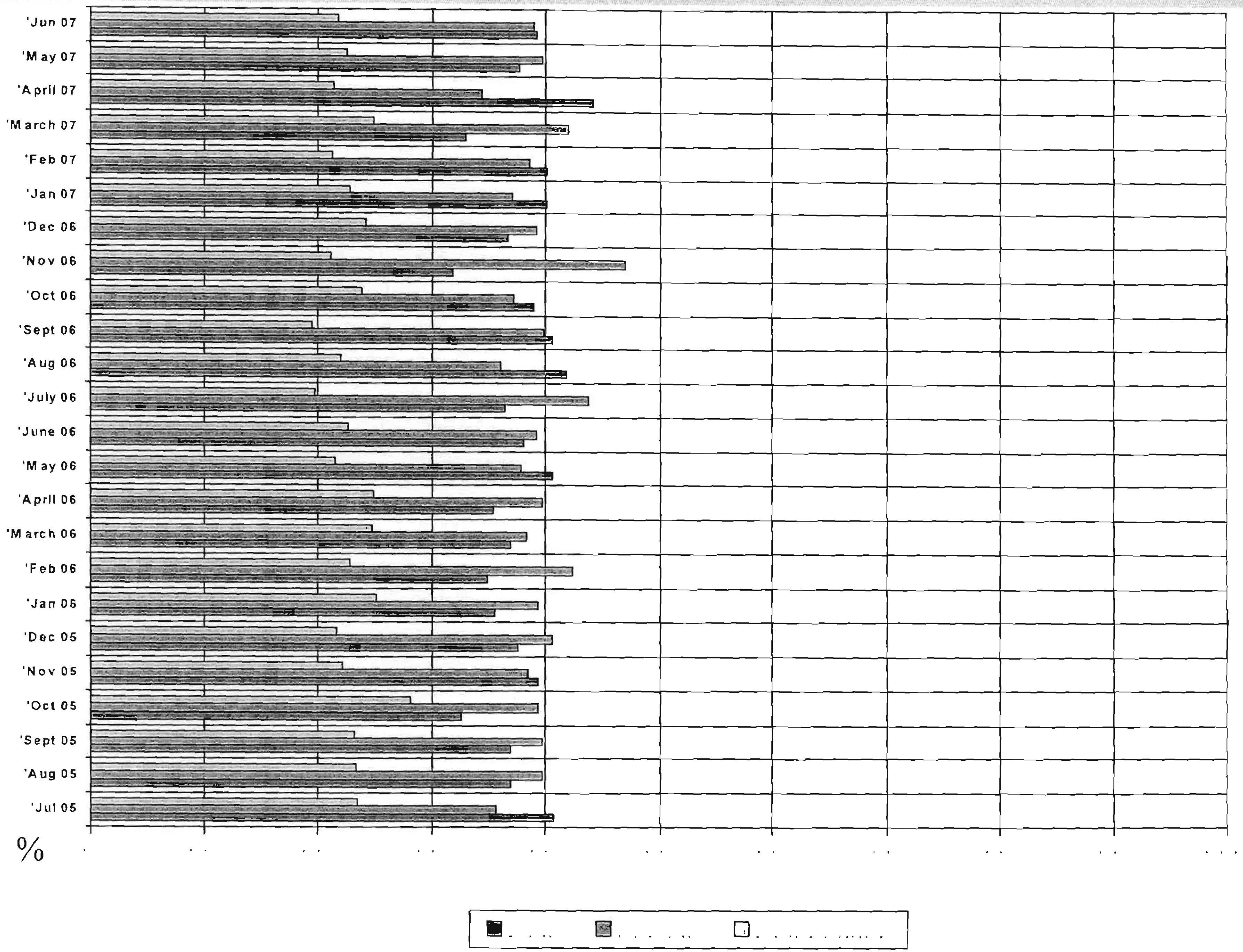
Annexure D14: Bloemfontein region



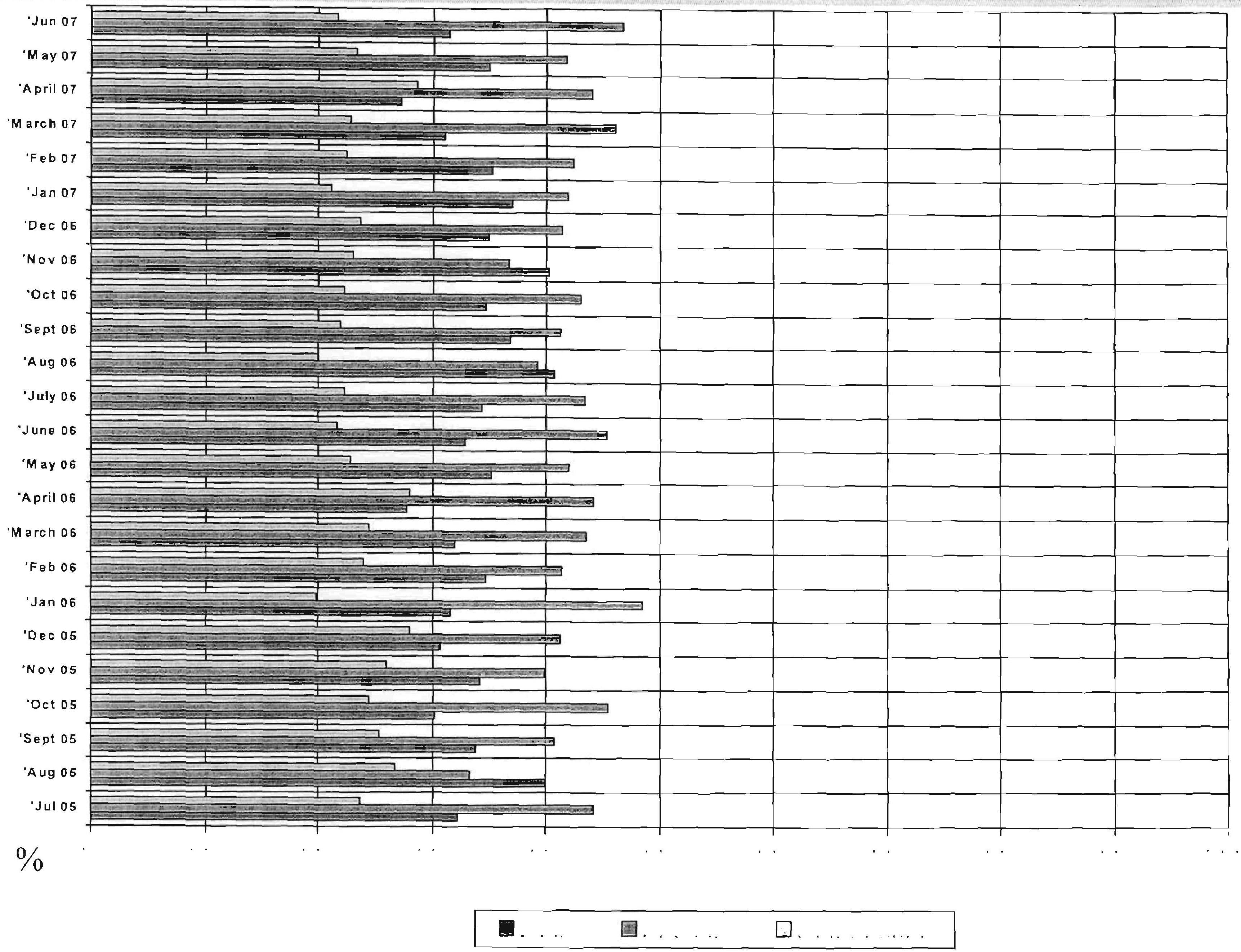
Annexure E1: Claims per gender regional scope per financial year



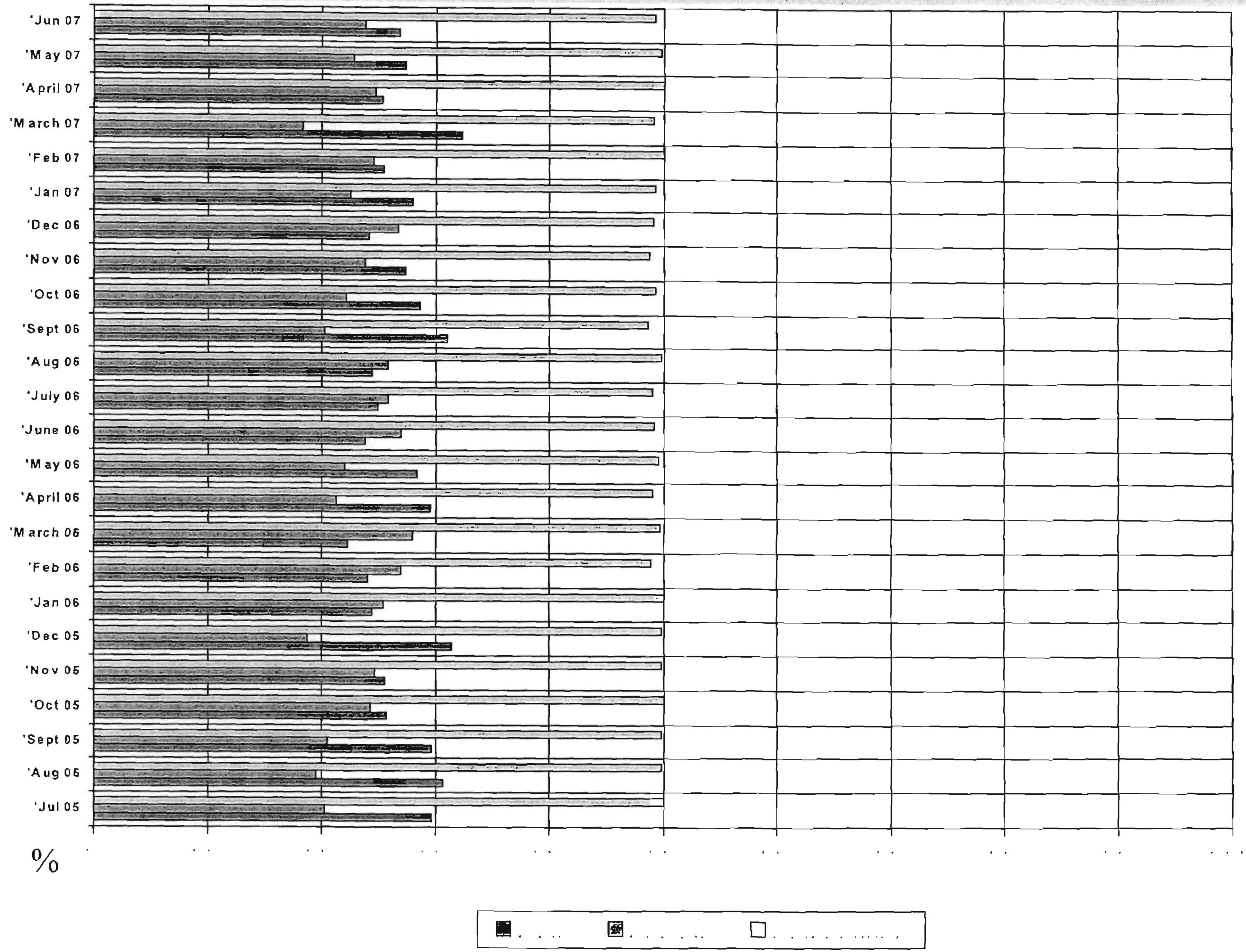
Annexure E2: Durban region



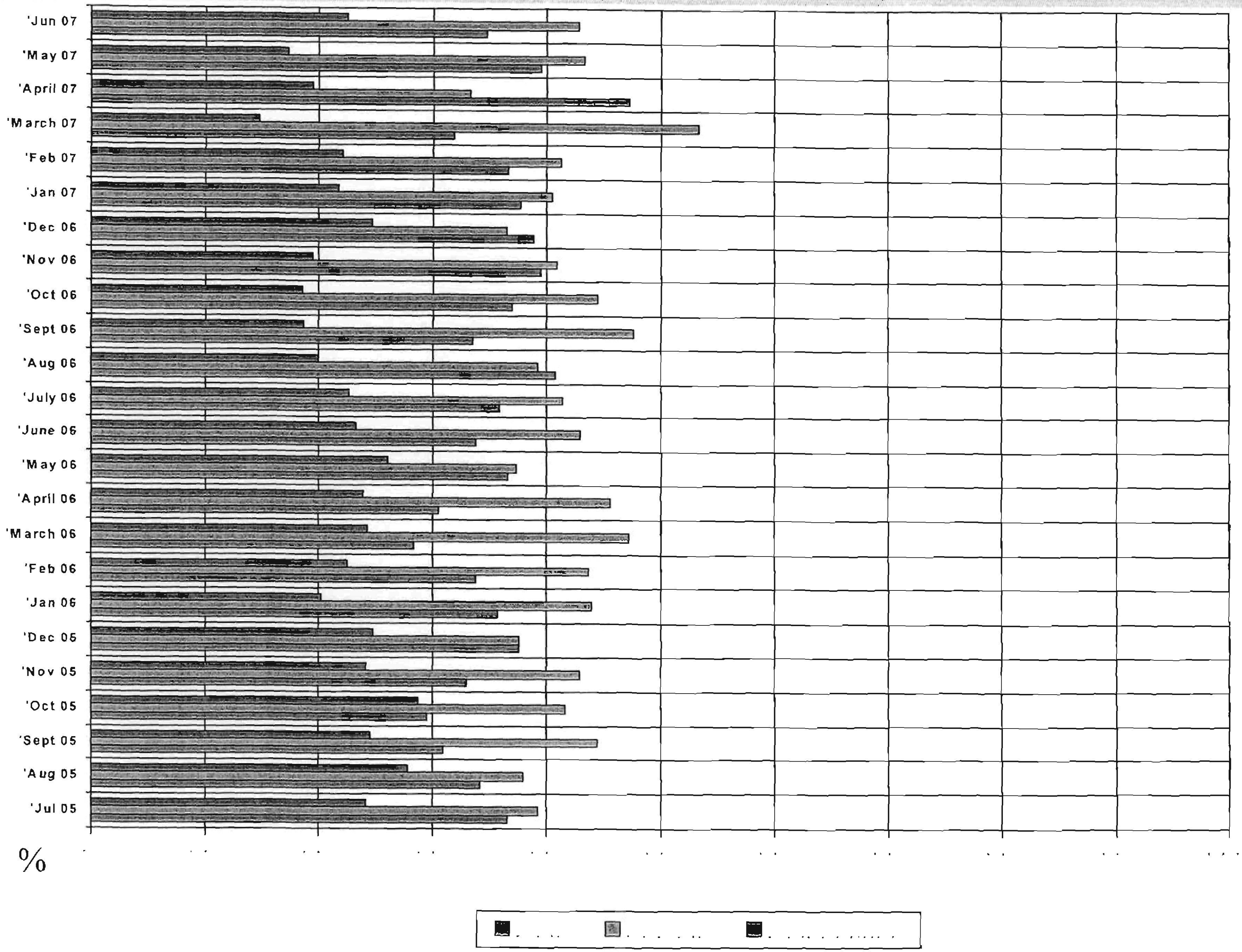
Annexure E3: Pretoria region



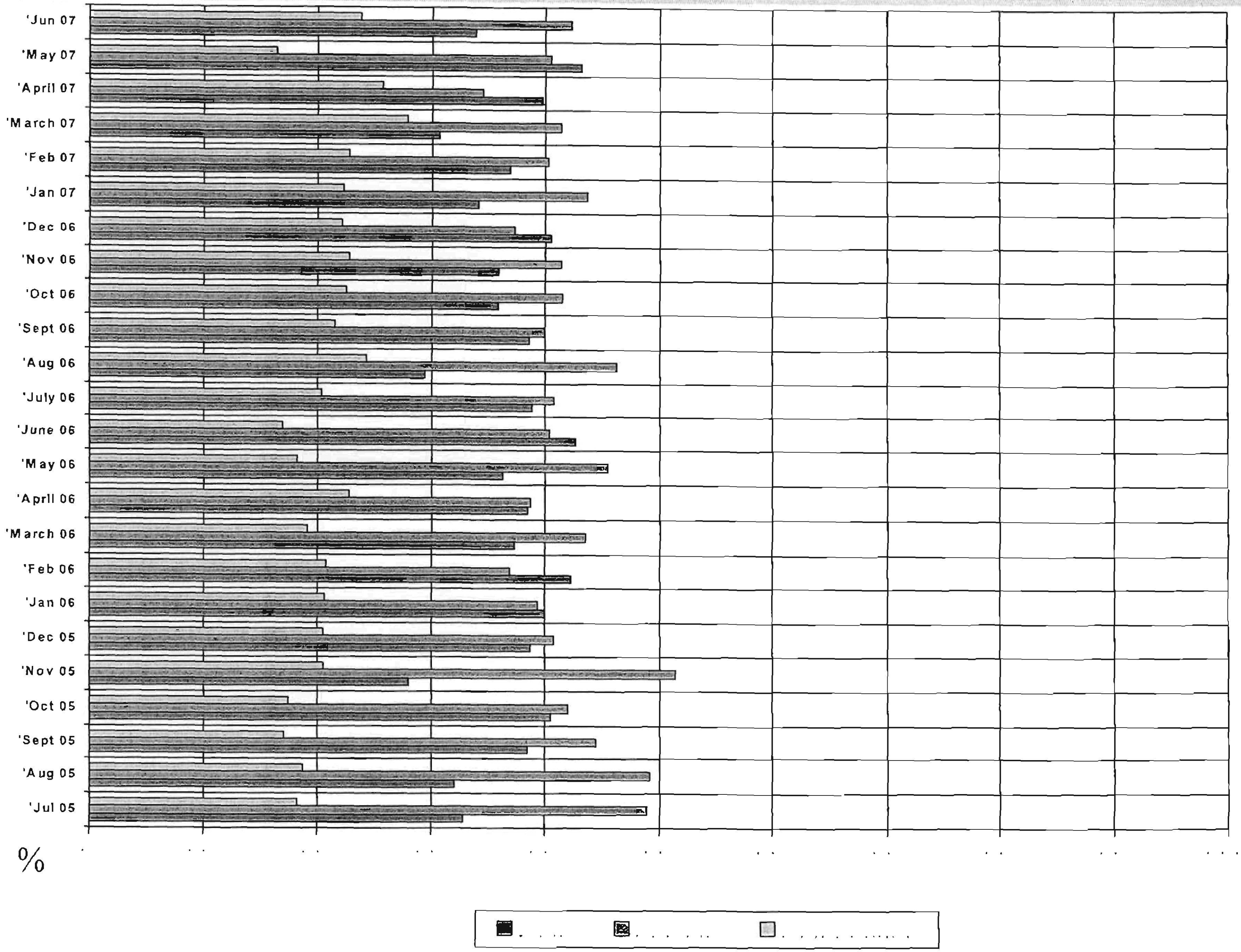
Annexure E4: Head office



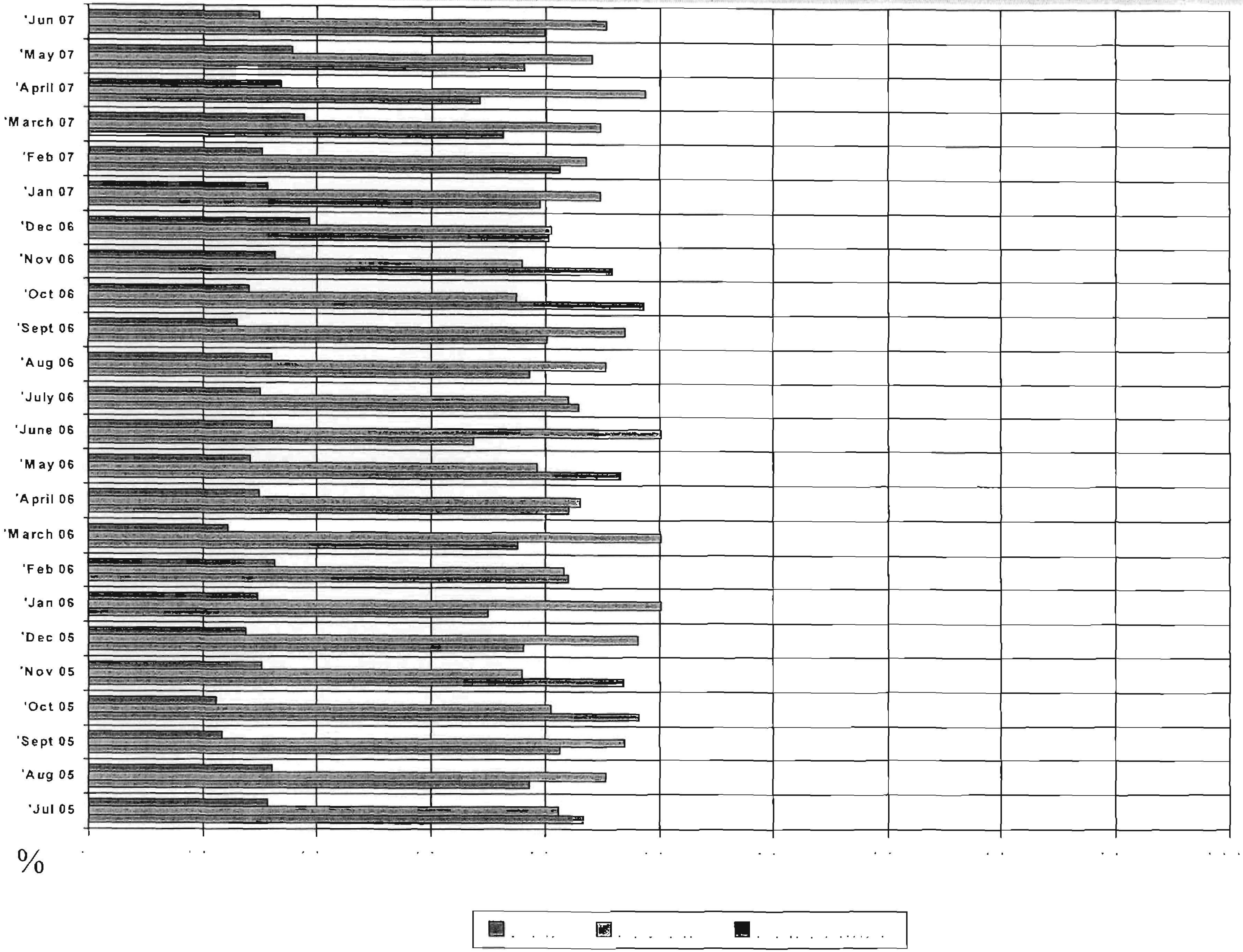
Annexure E5: Port Elizabeth region



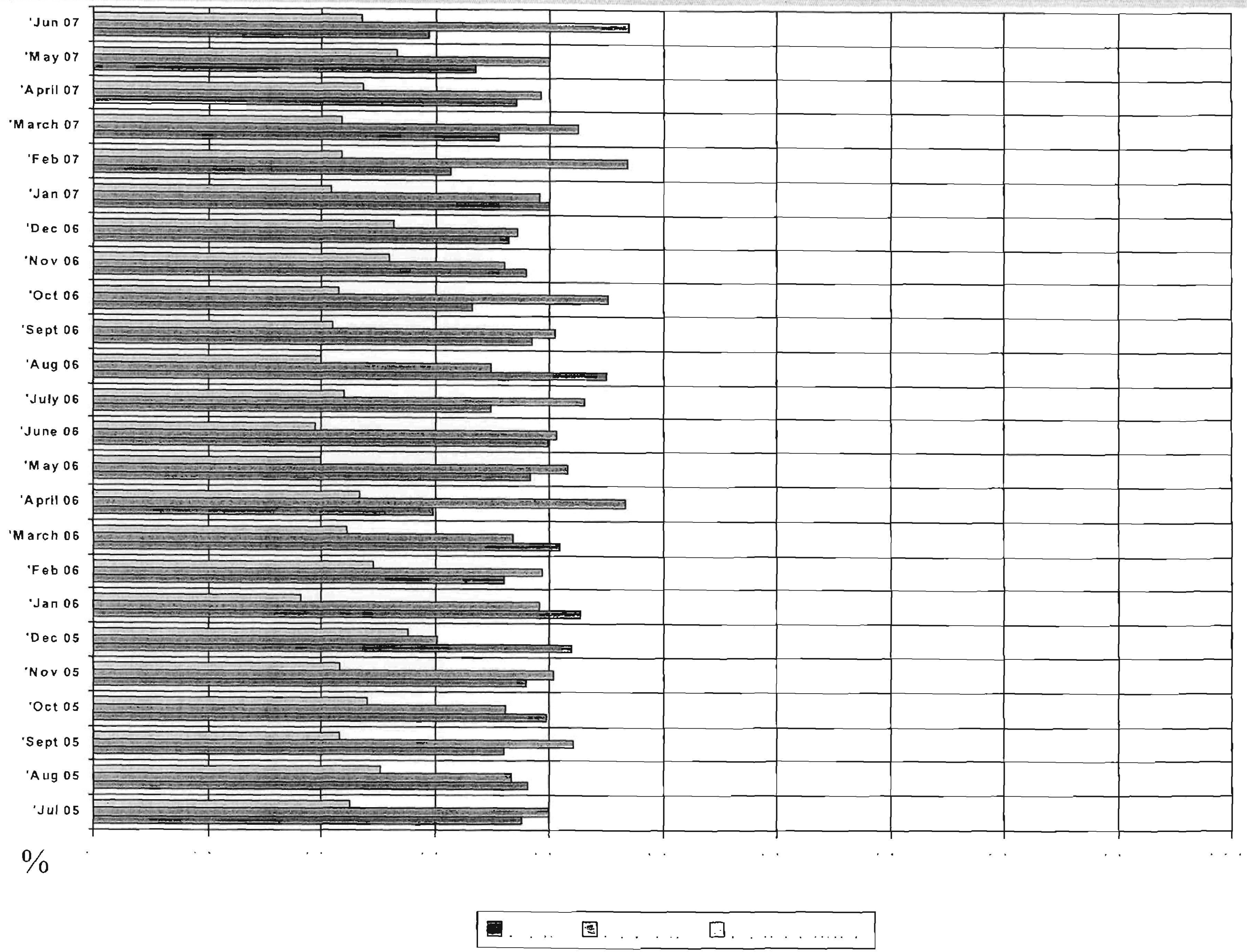
Annexure E6: Johannesburg region



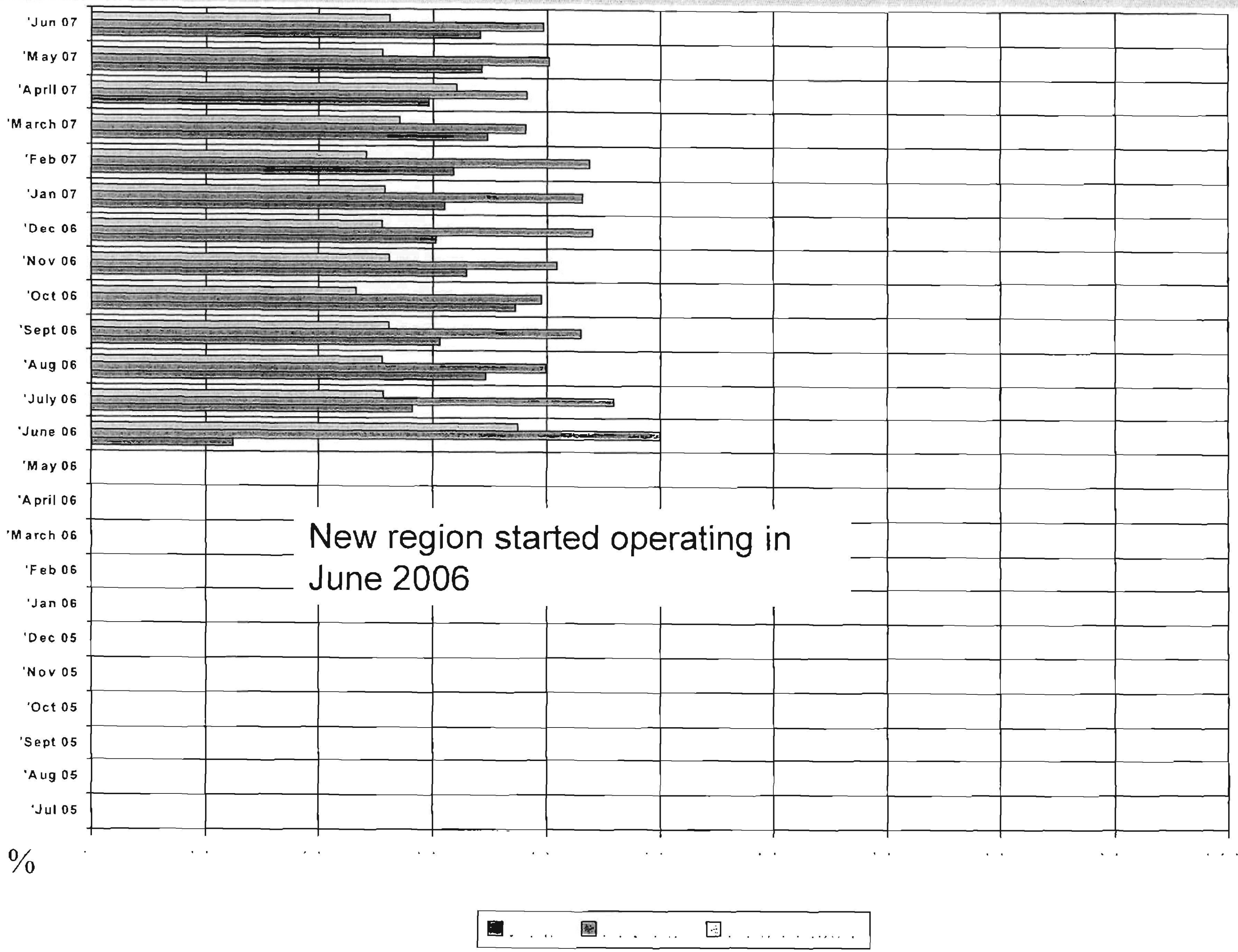
Annexure E7: Cape region



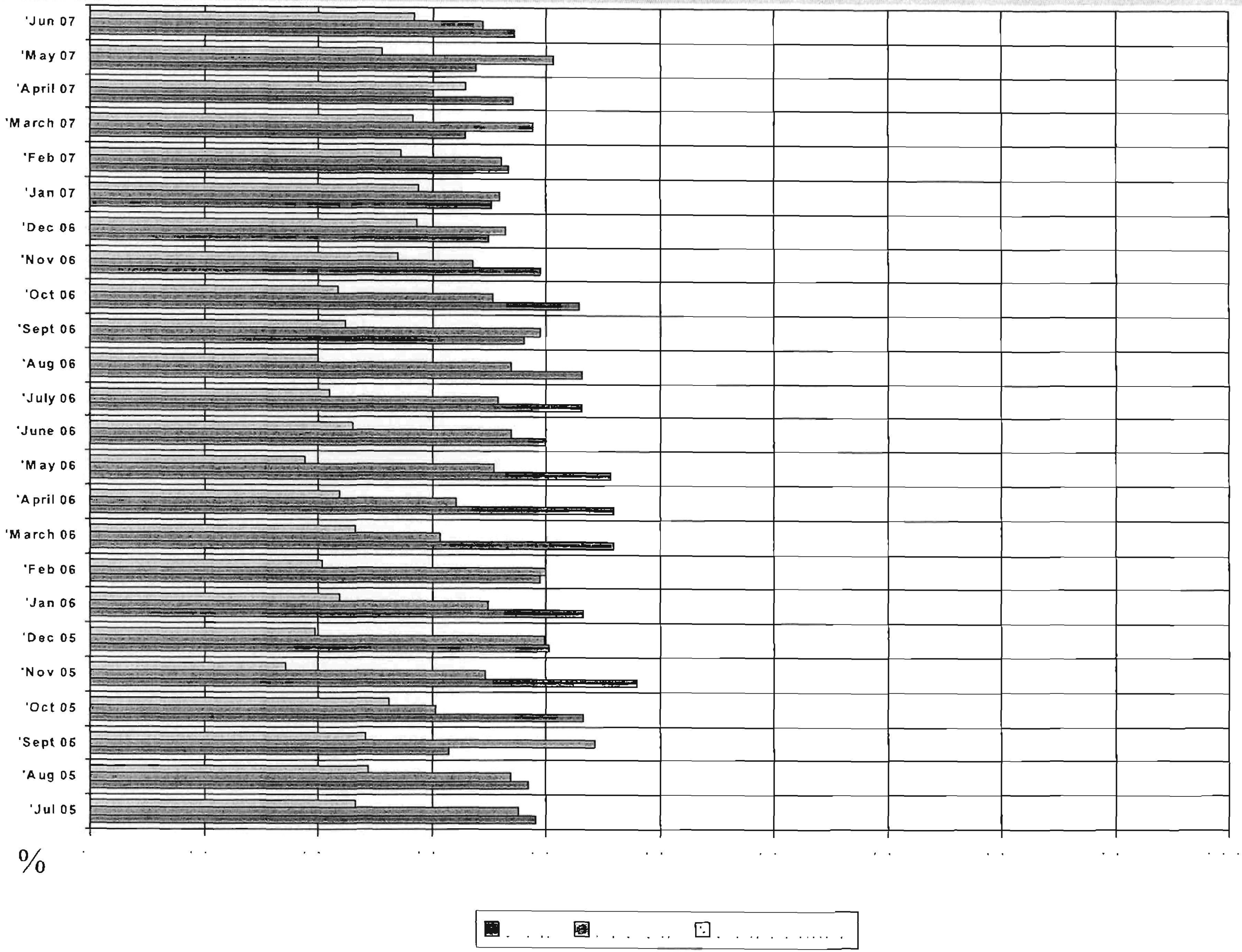
Annexure E8: North West region



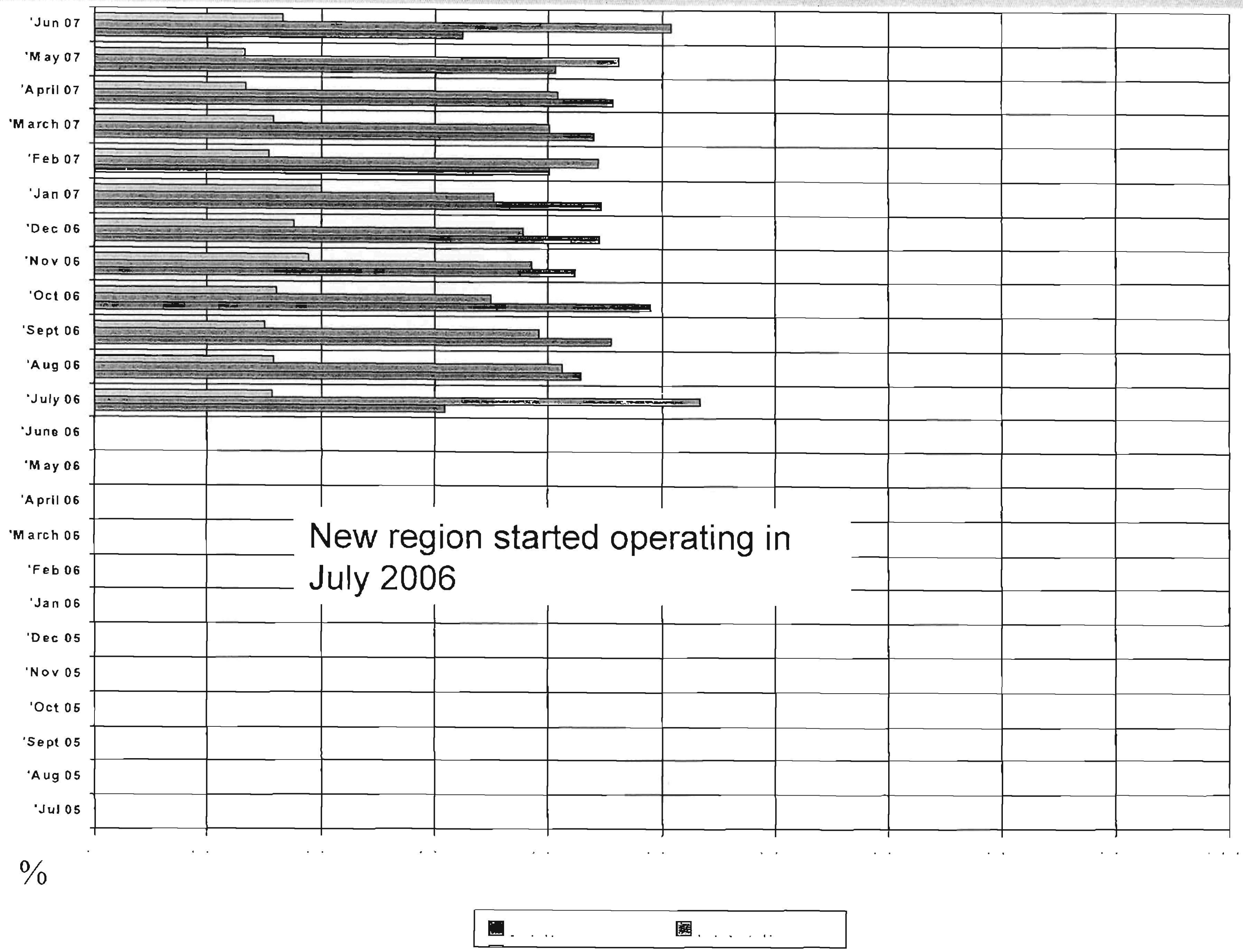
Annexure E9: East London region



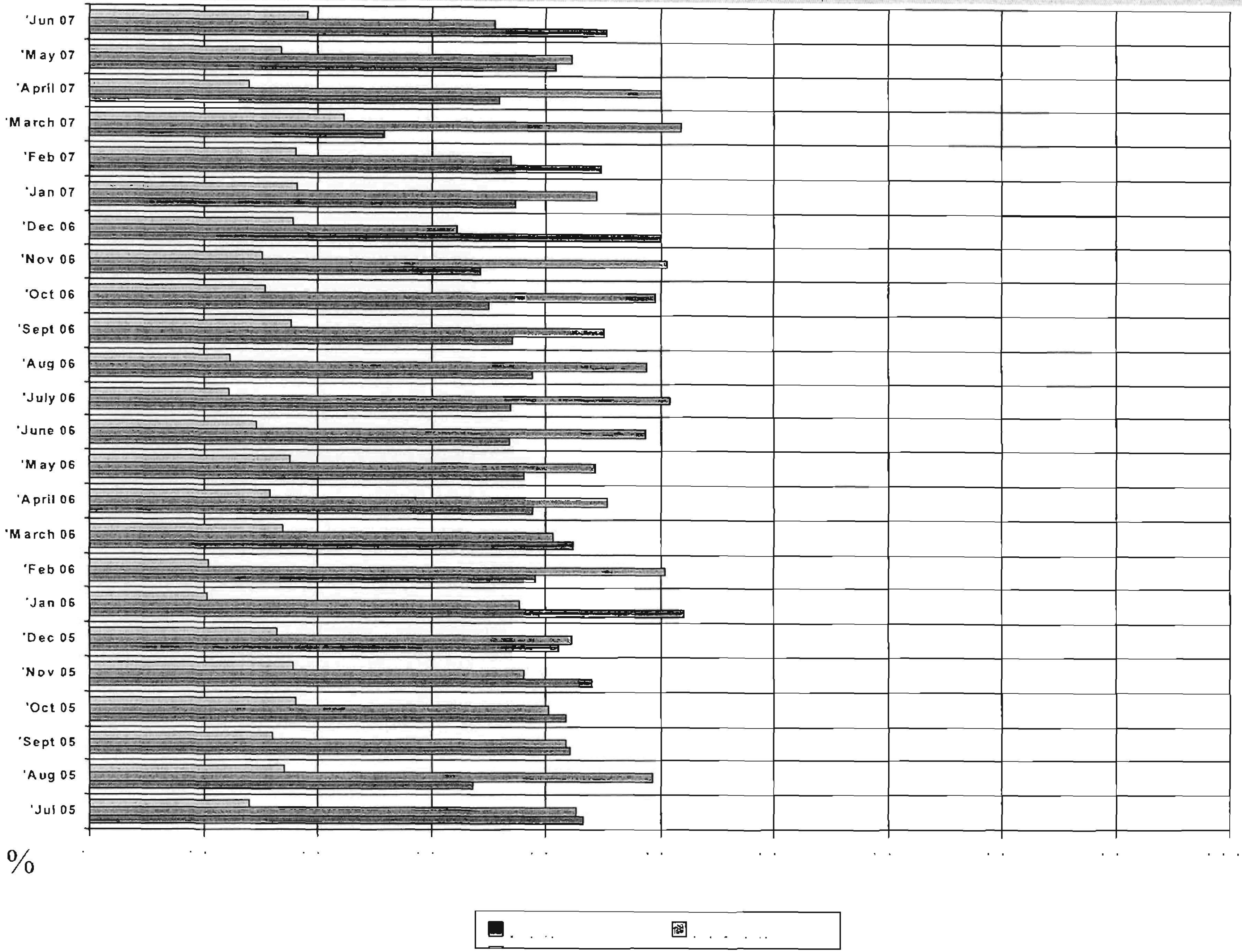
Annexure E10: Limpopo region



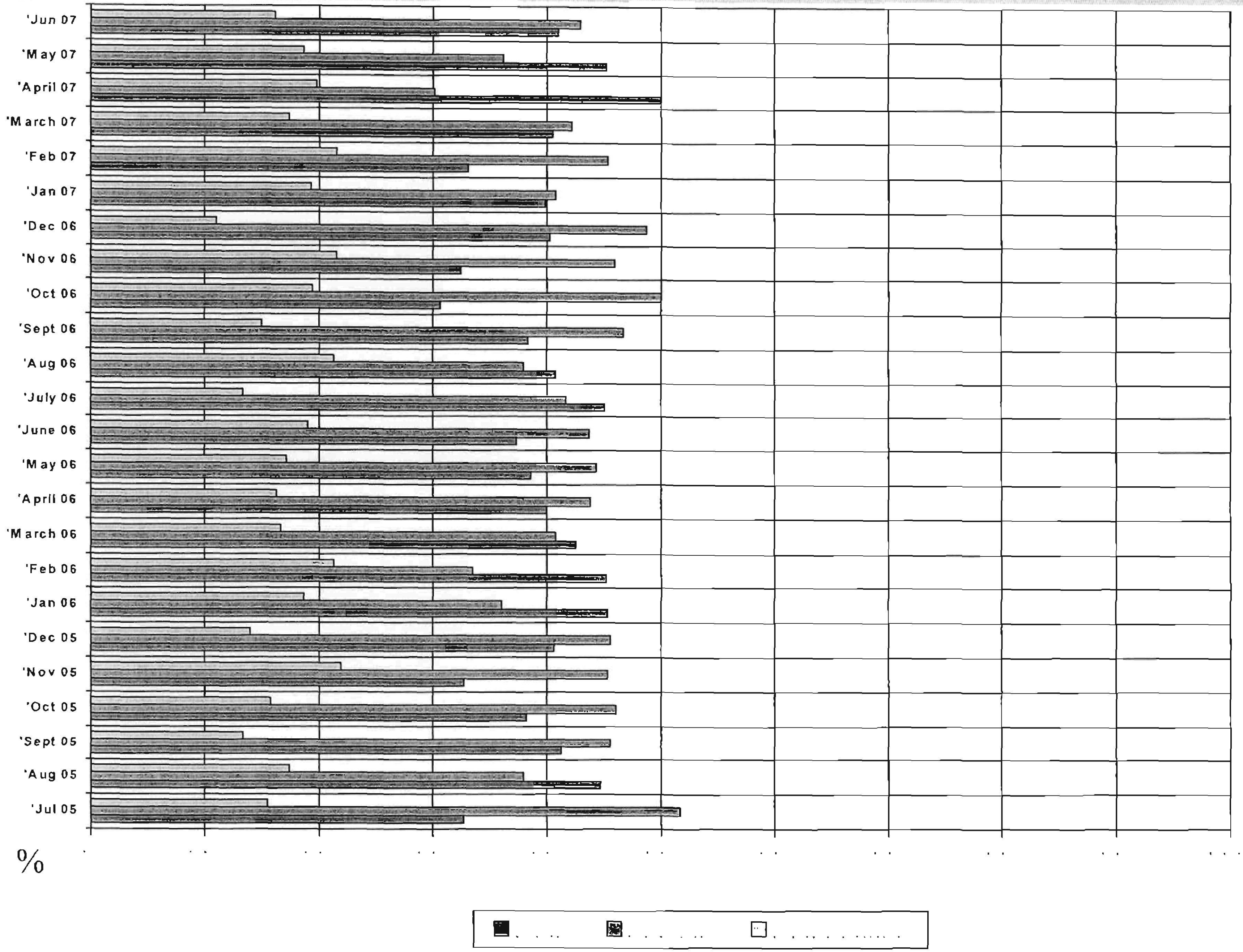
Annexure E11: Vaal Triangle region



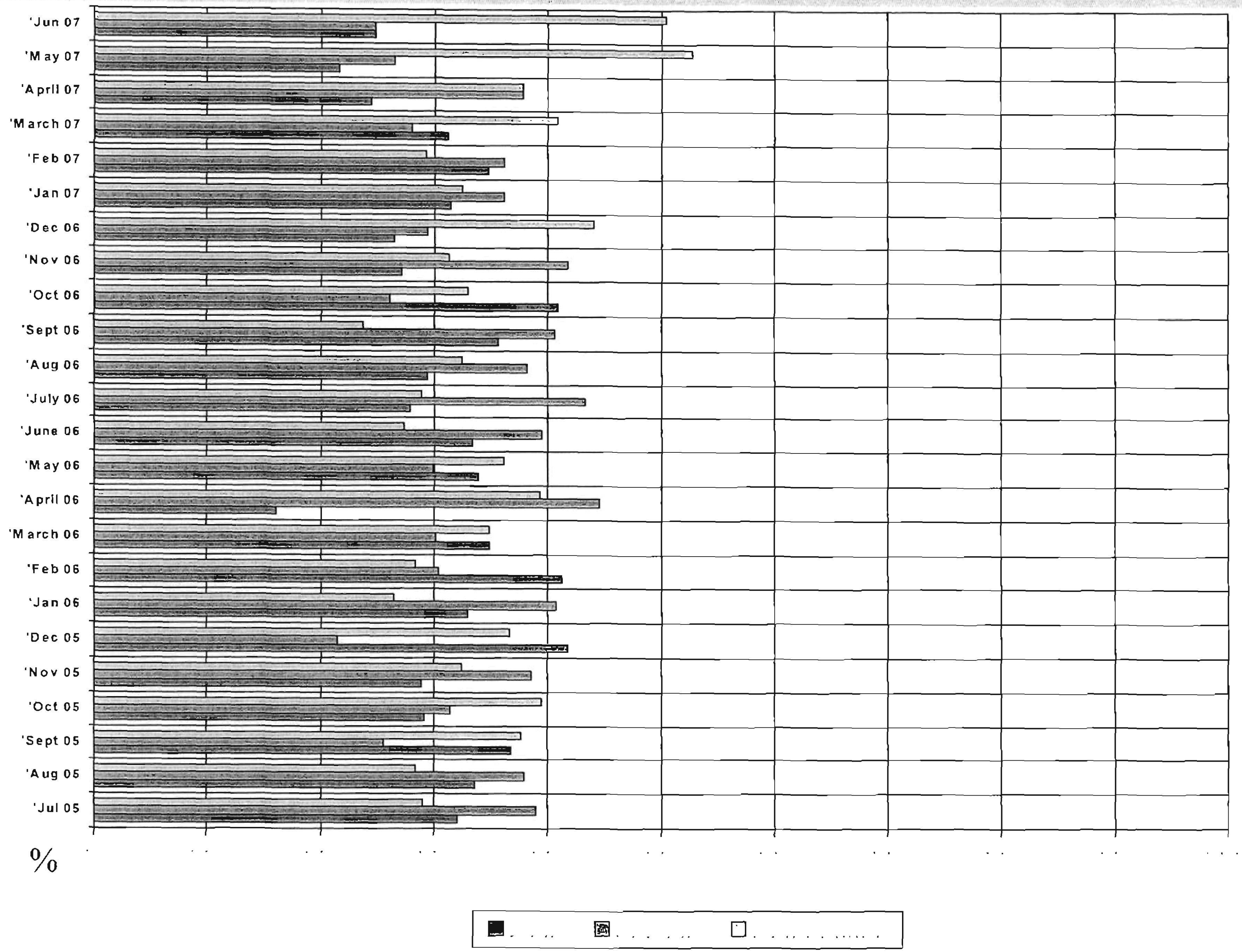
Annexure E12: Kroonstad region



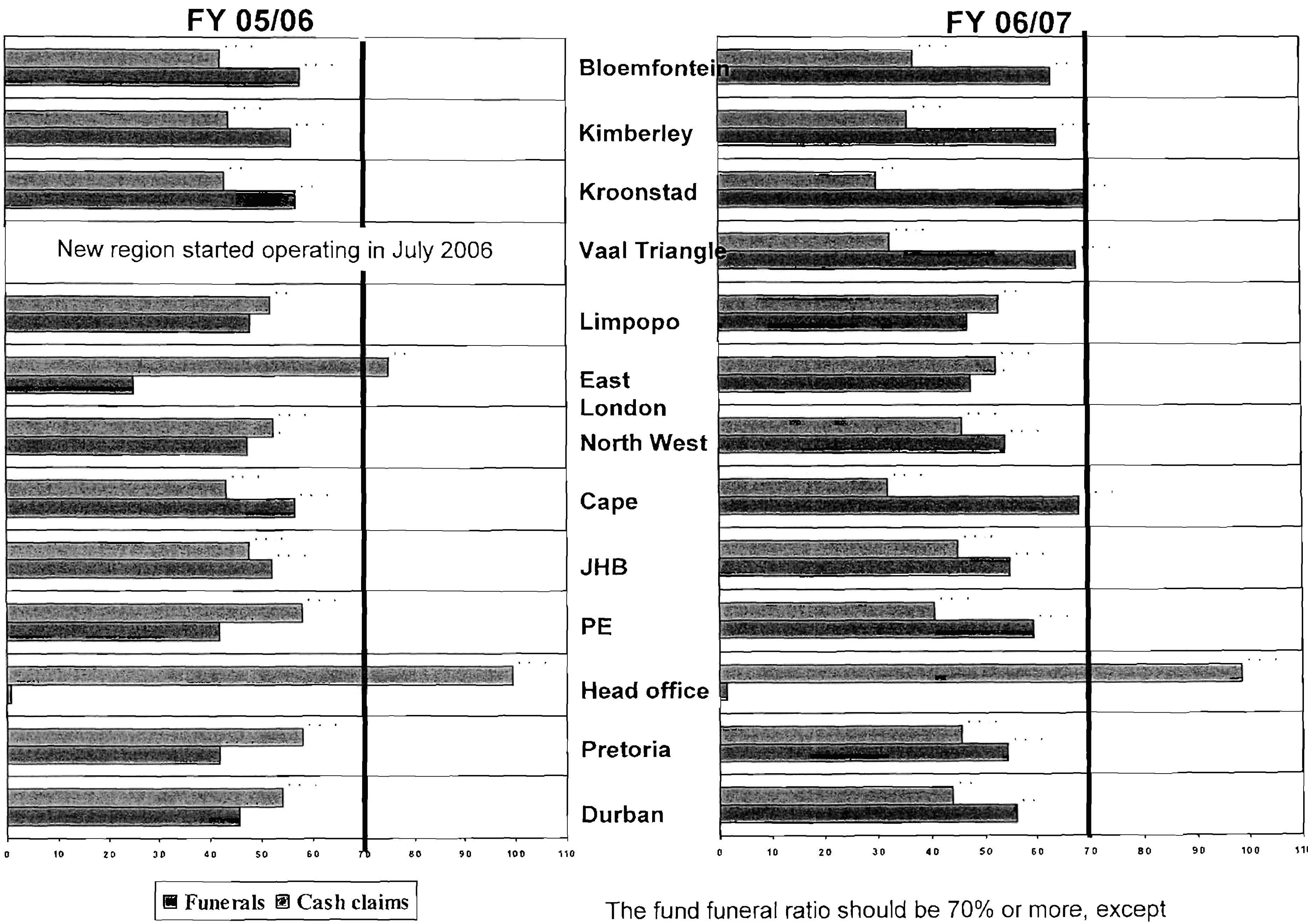
Annexure E13: Kimberley region



Annexure E14: Bloemfontein region

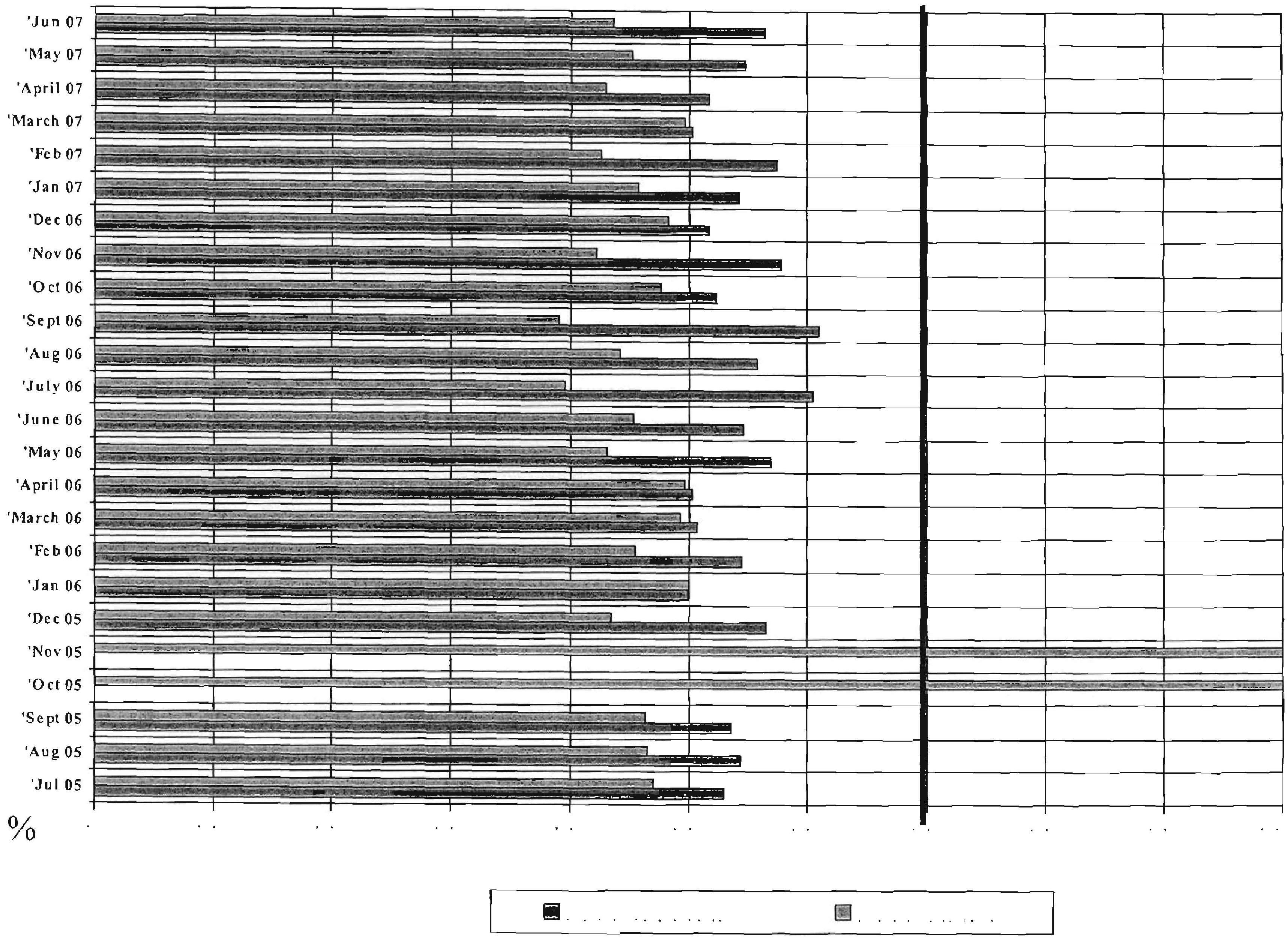


Annexure F1: Fund funerals and cash claims ratio regional scope per financial year

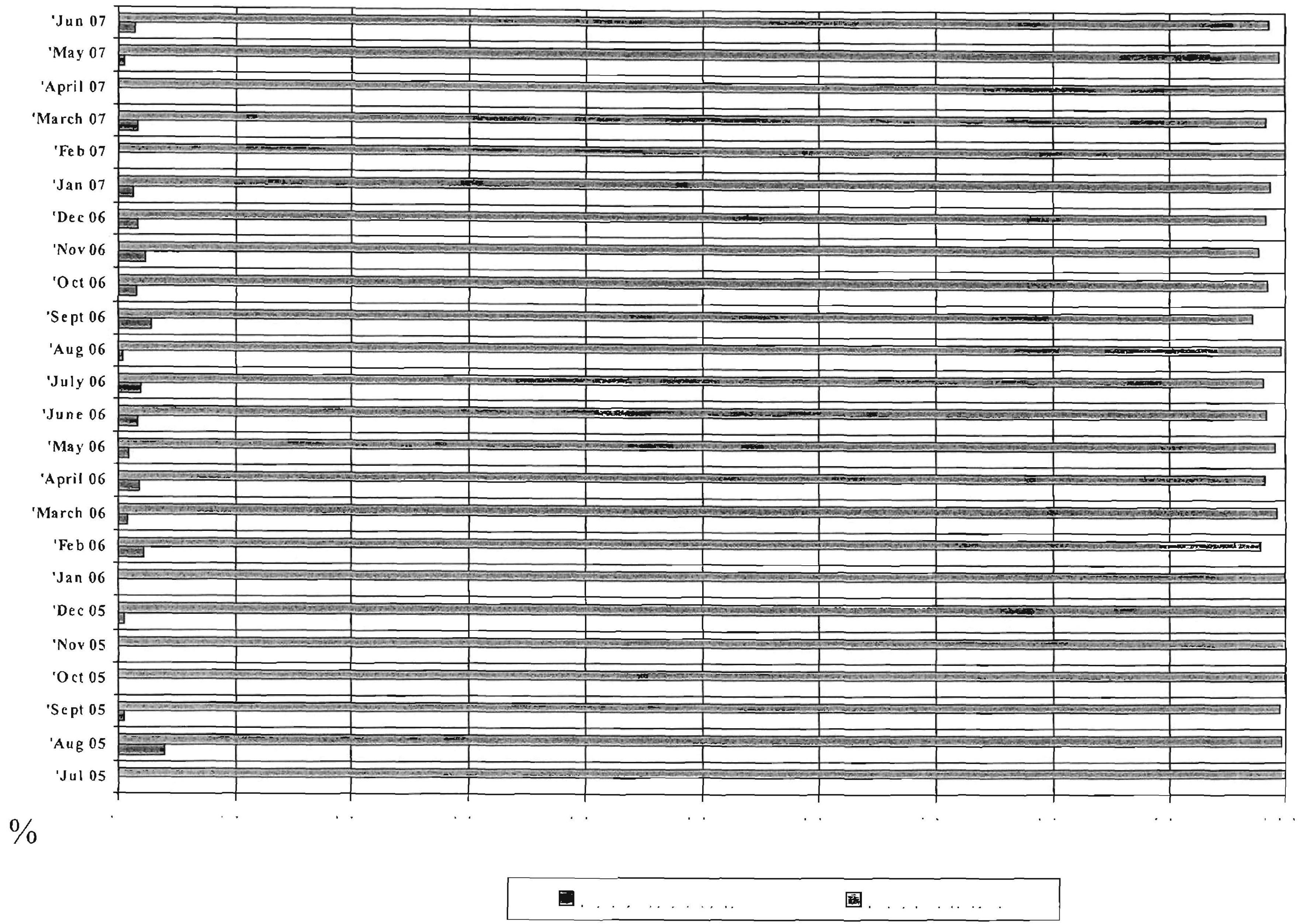


The fund funeral ratio should be 70% or more, except for Head office which should only have cash claims

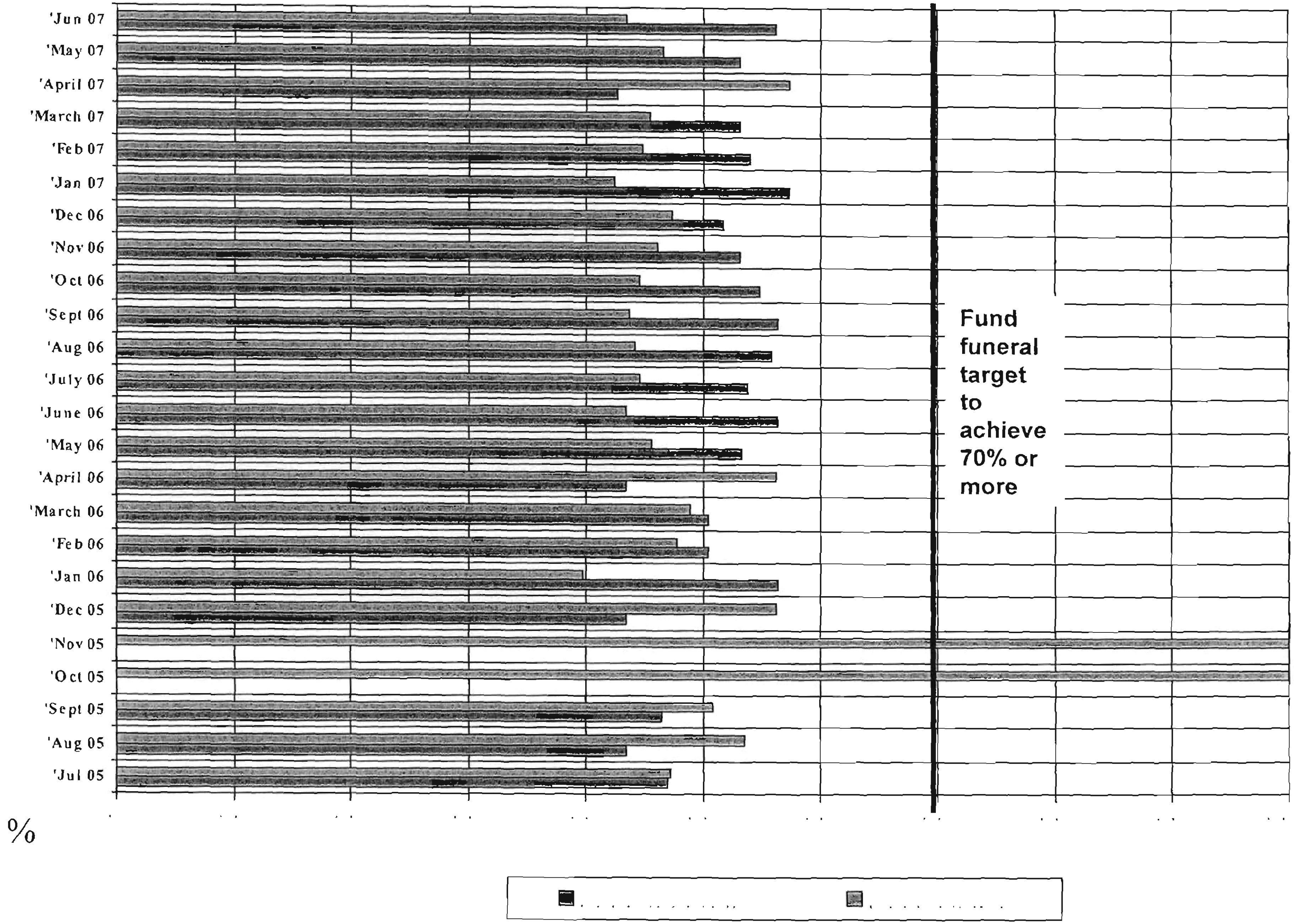
Annexure F2: Durban region



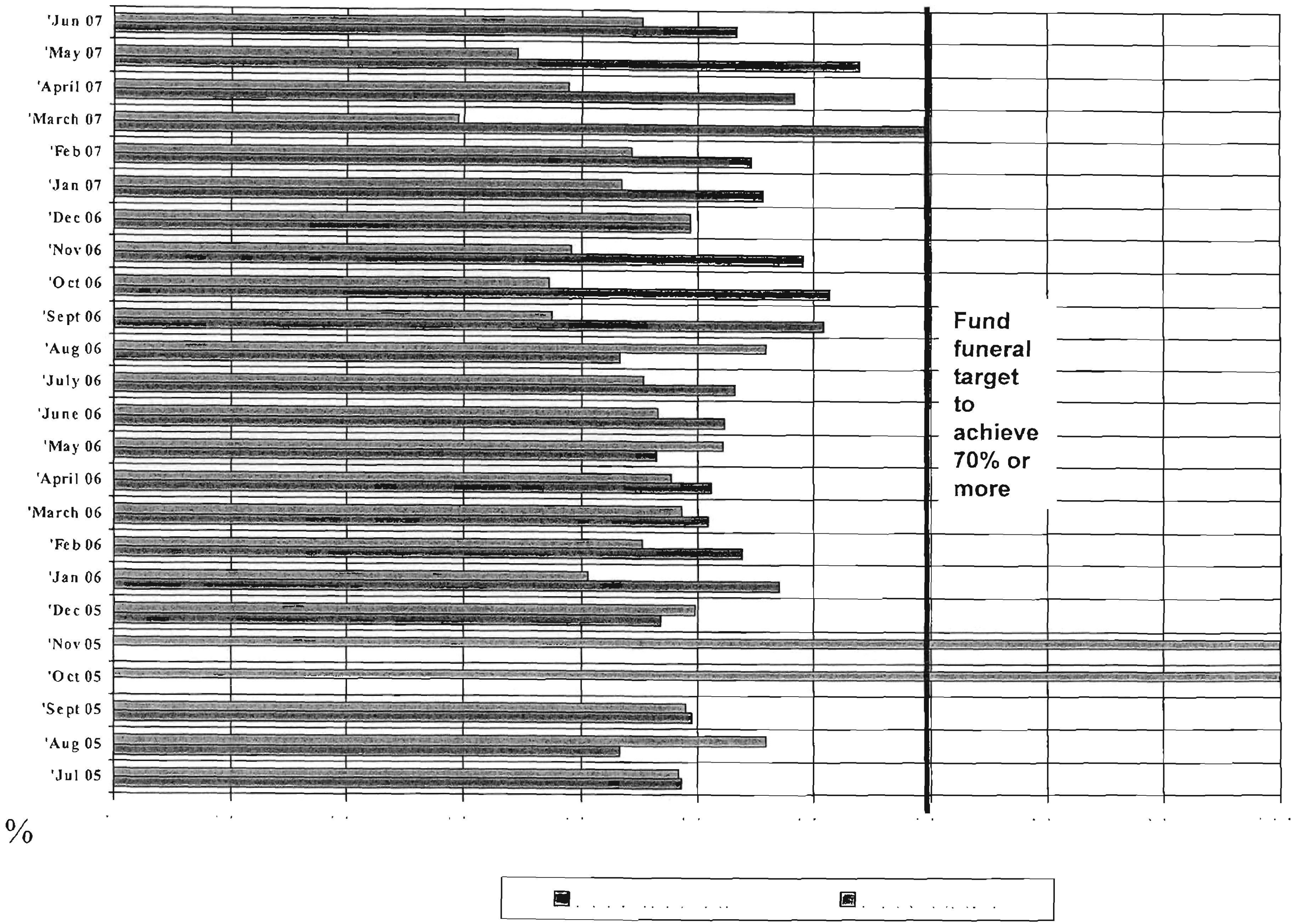
Annexure F3: Head office



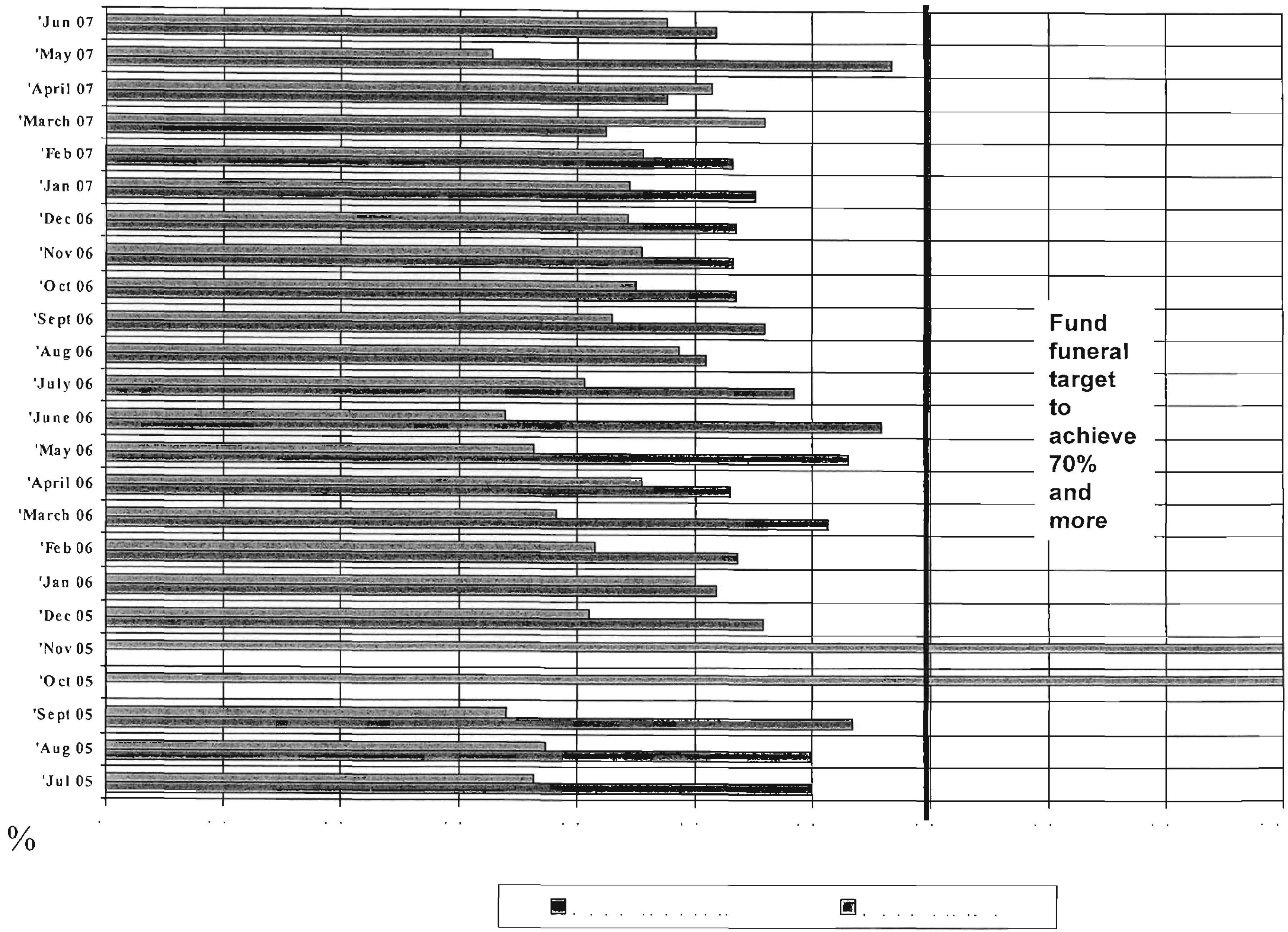
Annexure F4: Pretoria region



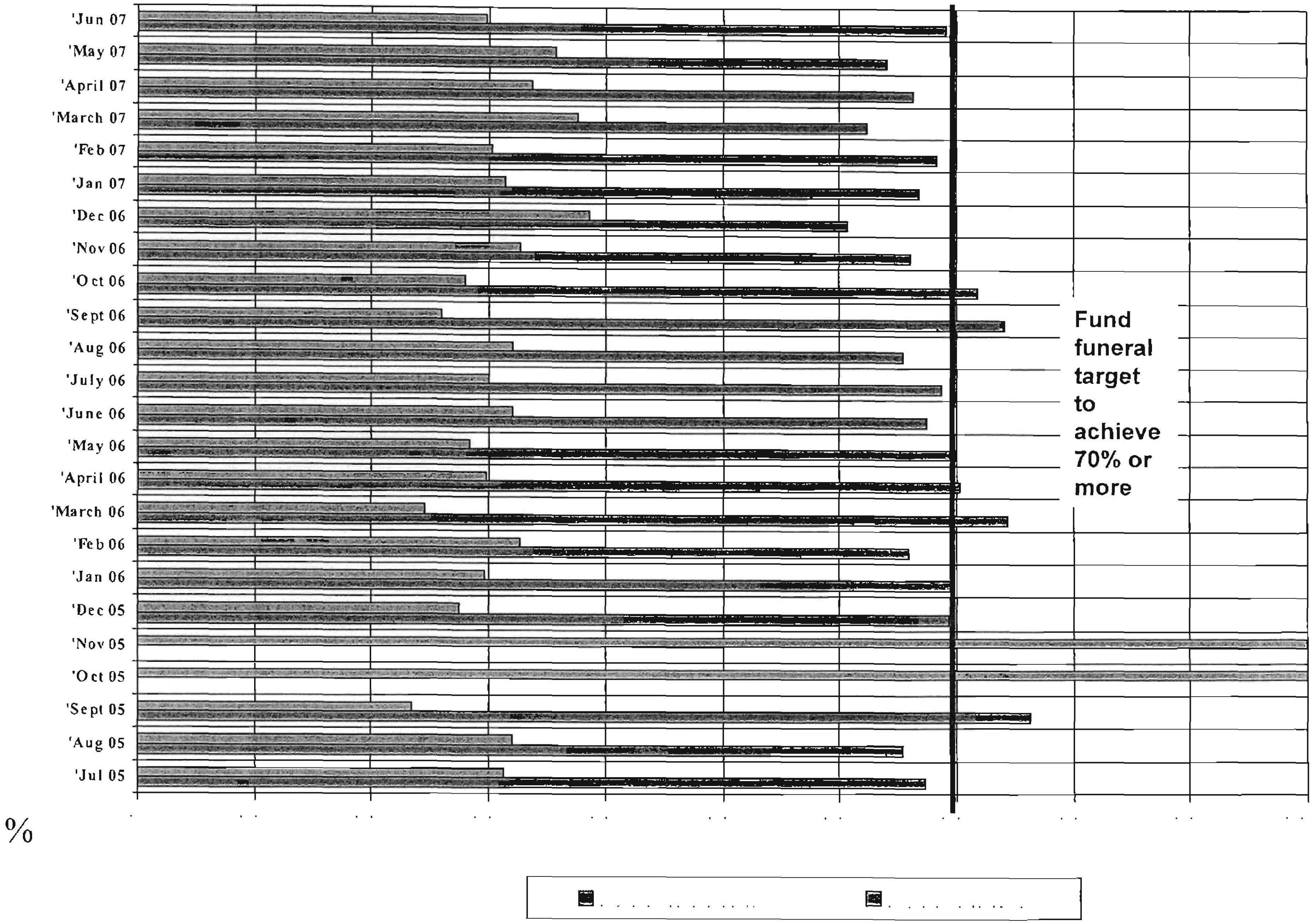
Annexure F5: Port Elizabeth region



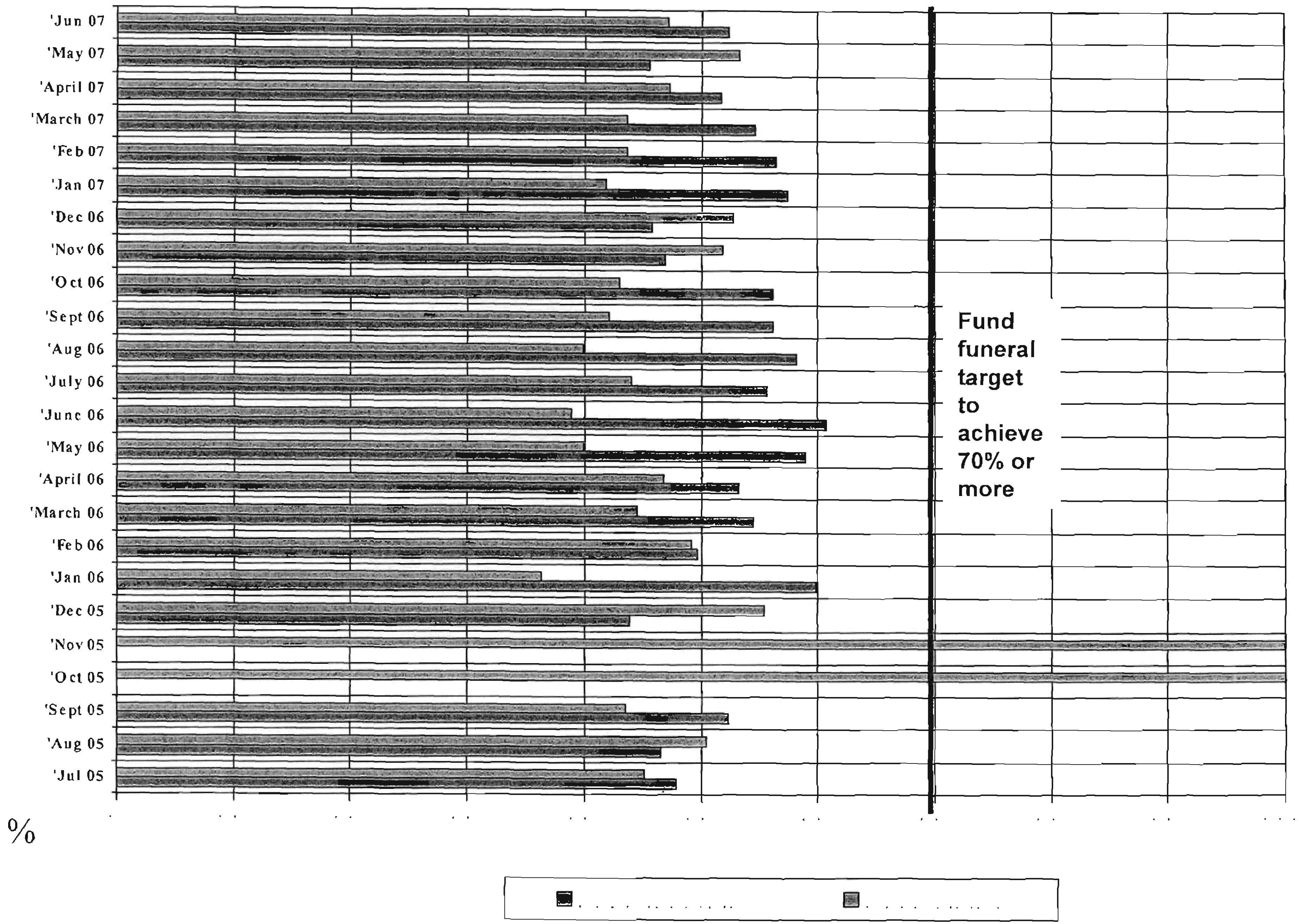
Annexure F6: Johannesburg region



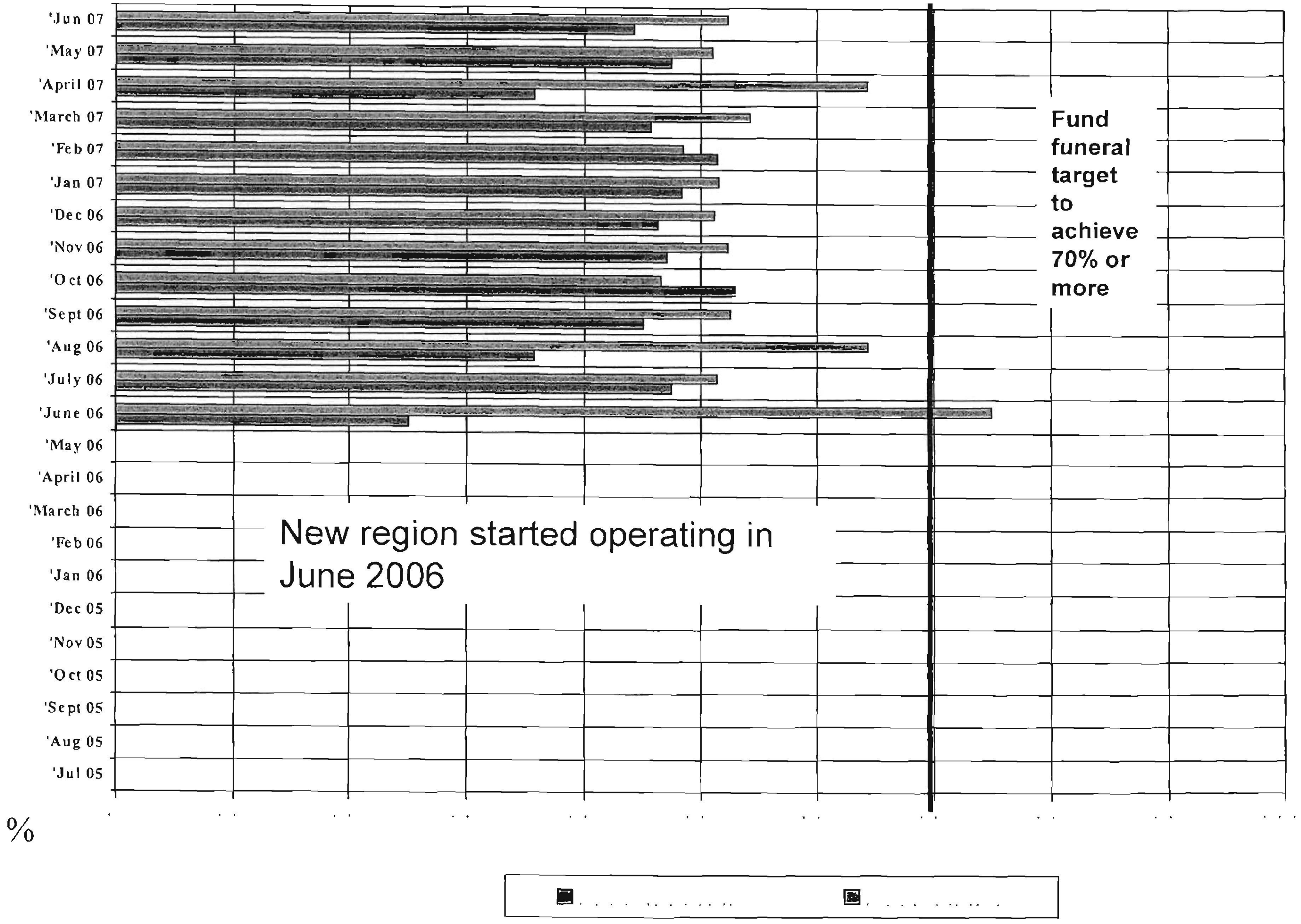
Annexure F7: Cape region



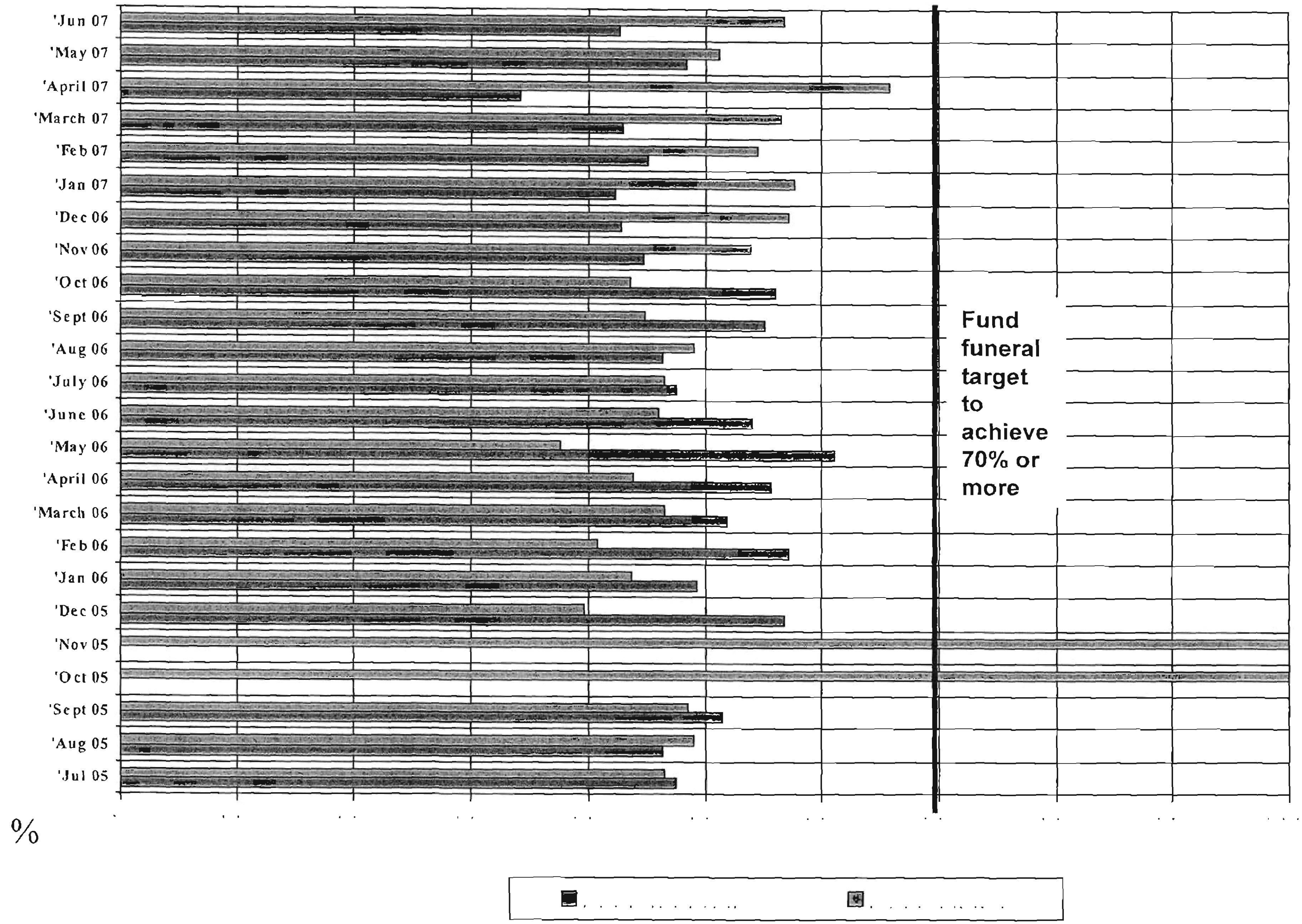
Annexure F8: North West region



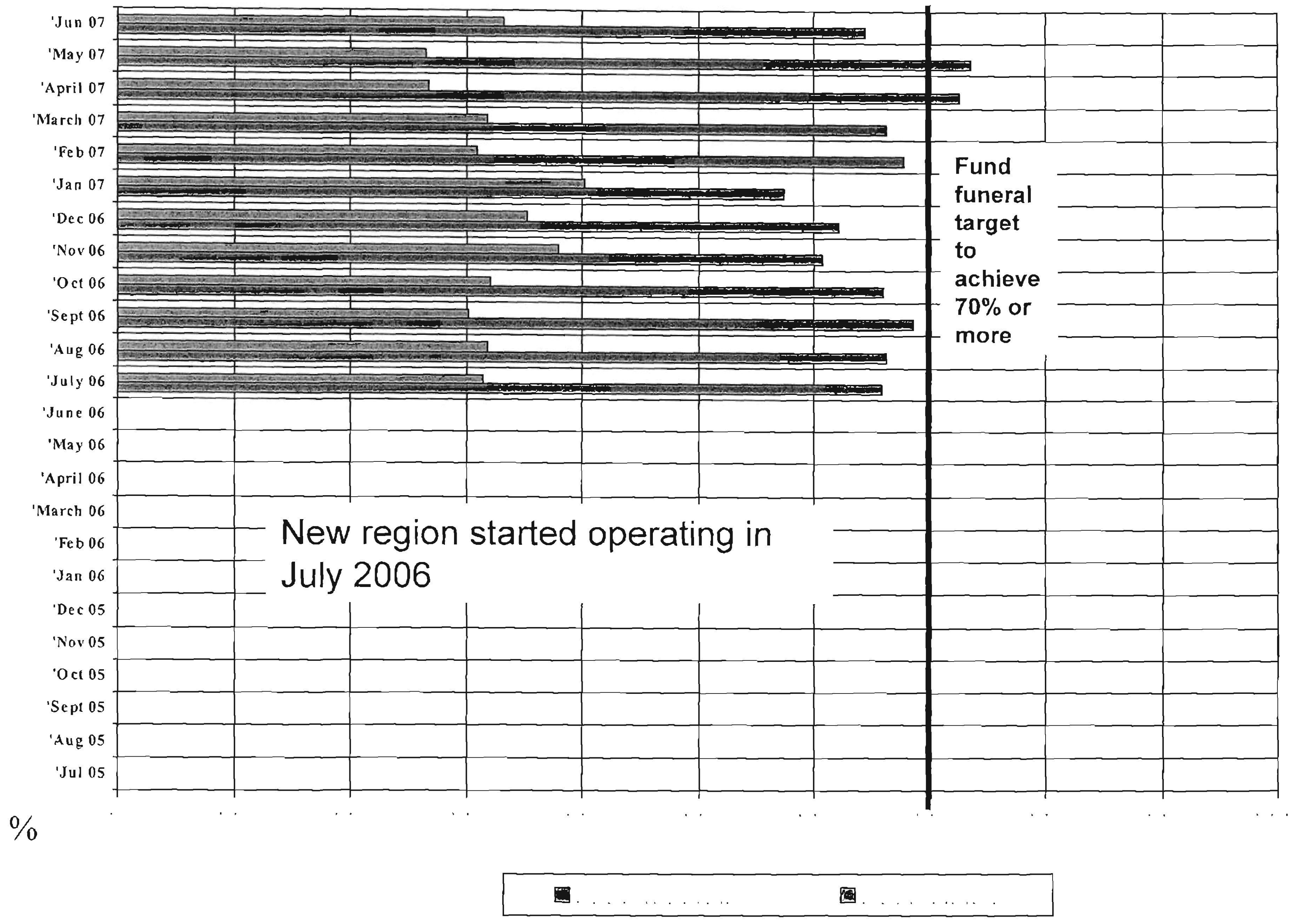
Annexure F9: East London region



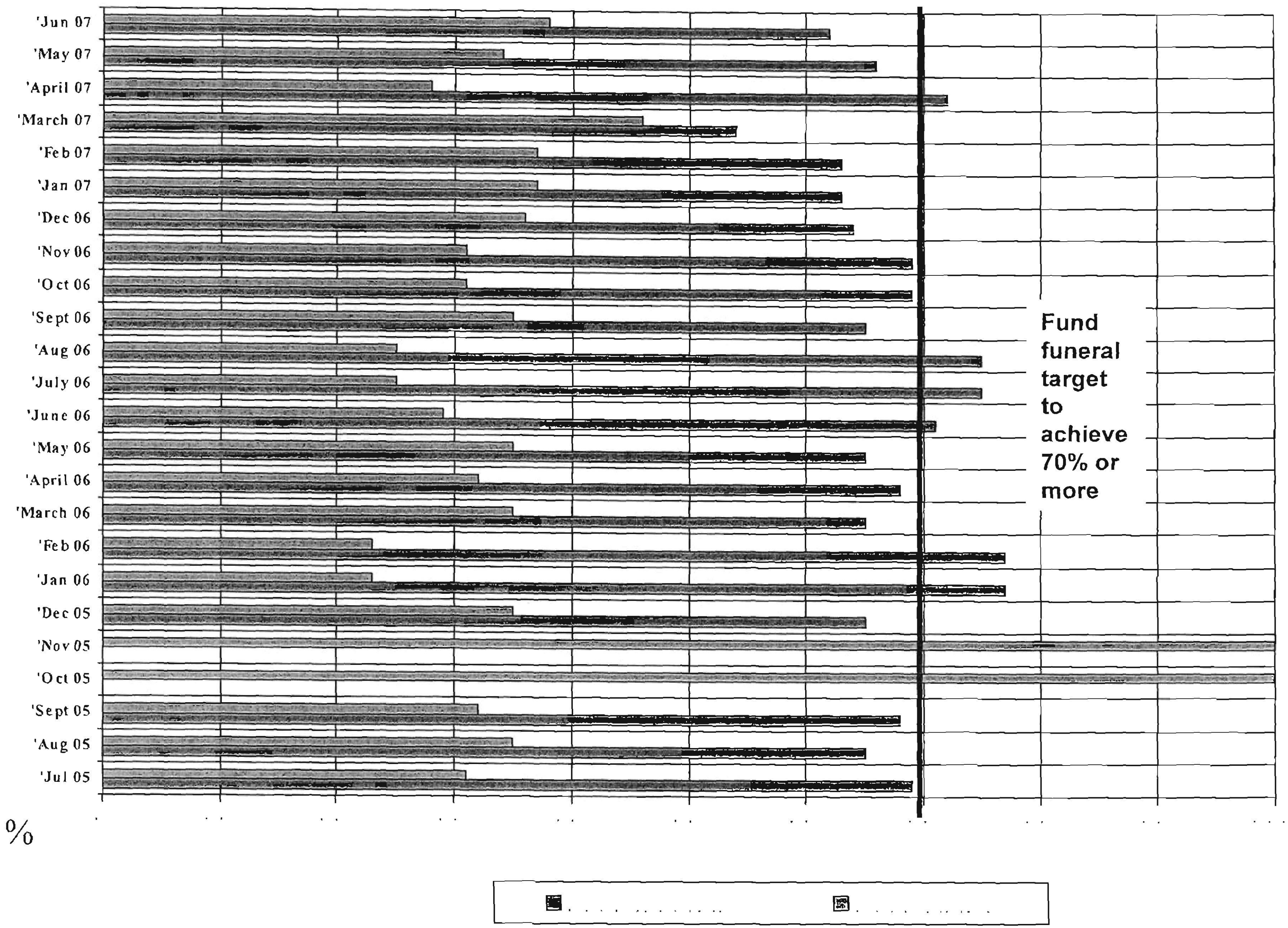
Annexure F10: Limpopo region



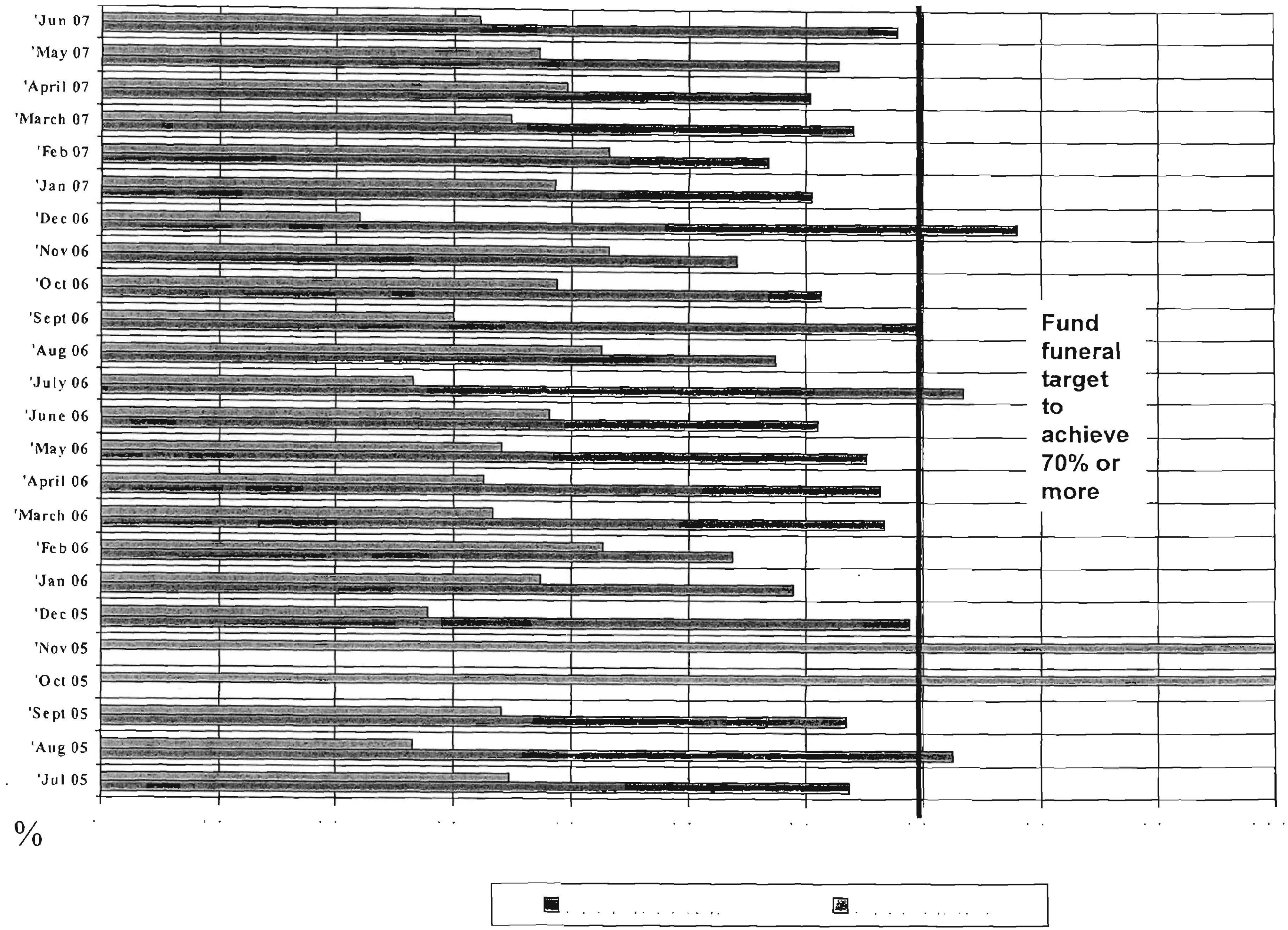
Annexure F11: Vaal Triangle region



Annexure F12: Kroonstad region



Annexure F13: Kimberley region



Annexure F14: Bloemfontein region