

THE MANAGEMENT OF RISK BY BURIAL SOCIETIES IN SOUTH AFRICA

By **RJ Thomson & DB Posel**

ABSTRACT

This paper explores the ways in which burial societies mitigate the risks associated with funerals that would otherwise devolve on the members of those societies, and on their families. It considers members' perceptions of the risks faced by the burial societies themselves. It explores the ways in which burial societies develop community and establish trust. It investigates the procedures that have been developed by burial societies, on the basis of the trust so established, for the management of their risks. Finally, it considers problems relating to the insurance of mortality risks in the burial society movement.

KEYWORDS

Burial societies; mutual assistance schemes; funeral insurance; assistance business; social capital; risk management

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1. INTRODUCTION

1.1 The purpose of this paper is to consider the various risks to which South African burial societies are exposed, and the ways in which those risks are managed. The paper is based on a small-scale, exploratory study of the composition, activities and responses of a range of different types of burial societies in South Africa—some long-standing and tenacious, others newly established. The study was designed, implemented and interpreted through an interdisciplinary process, the authors being an actuary and a social scientist respectively. It represents the first attempt to understand the burial society movement in South Africa from the combined points of view of both disciplines.

1.2 Section 2 explores the ways in which burial societies mitigate the risks associated with funerals that would otherwise devolve on the members of those societies, and on their families. Section 3 considers members' perceptions of the risks faced by burial societies themselves. To a large extent, the management of risk by burial societies may be explained in terms of the development of community and the establishment of trust. To understand the risk management processes at work in burial societies it is therefore necessary to understand their socio-cultural dimensions, which are explored in section 4.

Section 5 discusses the procedures adopted by ‘traditional’ burial societies specifically for the purposes of risk management. The insurance of mortality risks in the burial society movement is discussed in section 6. Conclusions are drawn in section 7.

2. MEMBER RISKS MITIGATED BY BURIAL SOCIETIES

The *raison d’être* of a burial society is to provide for the cost of a funeral on the death of a member or the dependant of a member. It thus offers a vehicle for the mitigation of the risk of inadequate financial provision for funerals for which the member or his family might become responsible. A secondary risk for which a burial society may make provision is the risk that the member’s family may be unable, or may otherwise fail or find it excessively onerous, to fulfil certain duties expected of them in connection with such funerals. This section explores the ways in which burial societies mitigate these risks through mutual assistance or commercial insurance, through funding arrangements and through benefit design.

2.1 MUTUAL ASSISTANCE OR COMMERCIAL INSURANCE

2.1.1 In its ‘traditional’ form, a burial society is a mutual assistance scheme. As such, it stands or falls on its ability to achieve reciprocity between members. In a ‘traditional’ burial society, the members share their risks by pooling them amongst each other. They hold regular meetings and make their own decisions with regard to the design and funding of benefits, as well as their constitutional arrangements. Besides providing the money for a coffin and funeral ceremony, burial society members may also supply and cook the food required to feed the guests, relieve the bereaved family of any domestic work, and attend the traditional night vigil in honour of the dead person (Lukhele, 1990). But the social and cultural uses of the ‘traditional’ burial society extend much further, into the realm of everyday life. Most such societies are small and cohesive, comprising members with shared roots. Their regular meetings (usually monthly or fortnightly) are opportunities to catch up with and confer about common concerns—as much as to pore over the shared funds of the burial society and adjudicate any claims made against them. To announce and affirm this sense of a shared identity and belonging, ‘traditional’ burial societies typically require members to wear distinctive uniforms to all monthly meetings, as well as to the funerals they sponsor.

2.1.2 Alongside ‘traditional’ burial societies, a new type of burial society has emerged, as a hybrid of the ‘traditional’ societies and more western practices of funeral insurance. In many instances, these burial societies (styled ‘hybrid burial societies’ in this paper) have been launched by African entrepreneurs who recognise both the financial advantages of insurance broking and the continuing social and cultural attractions of burial societies. Like their ‘traditional’ counterparts, these societies draw members together regularly and offer support and solace during cultural rituals of burial and mourning. But unlike ‘traditional’ burial societies, hybrid societies have to a large extent forfeited control over their finances. They are therefore not pure mutual assistance schemes, but rely on a third party for ensuring that benefits are paid when they are due.

2.1.3 The third type of burial society has gone even further in embracing the

financial assumptions and practices of a western funeral insurance scheme, dispensing with the ‘traditional’ commitment to regular meetings of members and collective surveillance of the society’s moneys. With a rapidly growing membership among younger people—often in their twenties and early thirties—these new funeral insurers (many of them unlicensed) market themselves as up-market burial societies for young and ‘stylish’ members of the country’s black elite. It is a moot point whether to retain the designation of ‘burial society’ for the latter case, as the contributors do not in practice constitute an association of members and the arrangement is not a mutual assistance scheme. The authors have tentatively done so on the grounds that this is how these funeral insurance schemes are marketed to and perceived by their ‘members’, largely on the grounds that ‘membership’ buys access to a series of social and cultural benefits, along with the more straightforwardly financial ones. However, it should be recognised that the portrayal of these schemes as ‘burial societies’ is at least in part a marketing subterfuge. They are actually blocks of individual-life assistance policies sold by the administrator, though they may be (and generally are) aggregated into group-life schemes.

2.1.4 In summary, ‘traditional’ burial societies rely entirely on mutual assistance for mitigating the risks associated with funerals that would otherwise devolve on the members of those societies and on their families; hybrid societies rely on commercial insurance for the purely financial aspects of those risks, while retaining mutual assistance arrangements for the other aspects; and commercial ‘burial societies’ are insurance contracts, generally aggregated into group-life schemes. The typology suggested here is illustrated in the first subdivision in Figure 1.

2.2 FUNDING

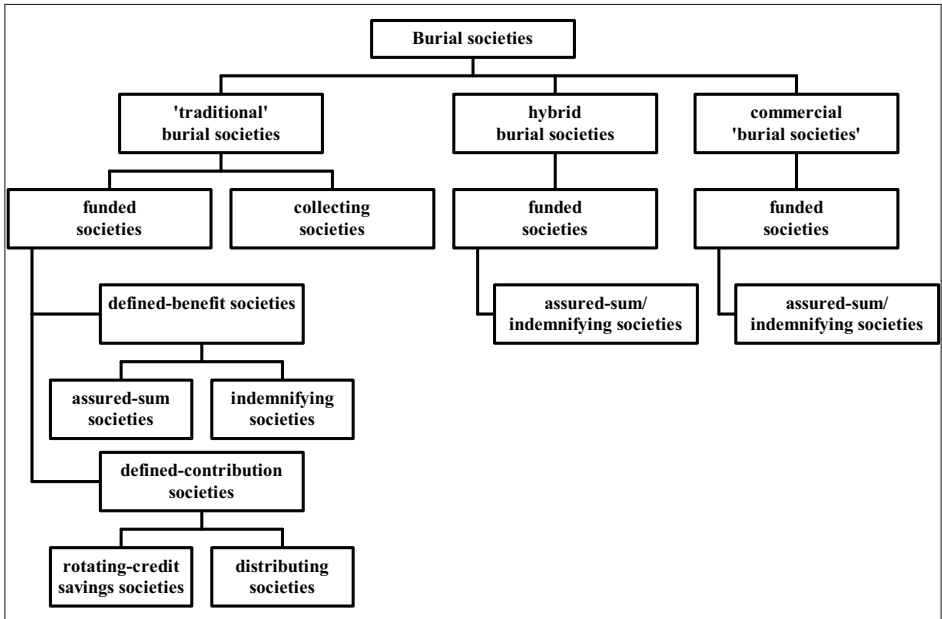
2.2.1 Most burial societies charge regular (usually monthly) contributions. Such societies are referred to in this paper as ‘funded’ societies. This mitigates the risk of excessive payments when members or dependants die, which might become particularly onerous if there happen to be a few such deaths within a short space of time. Funding transfers the risk from the member to the society, which means that the society must, at least to some extent, ensure that it has adequate funds to meet benefits that may become payable from time to time. This is discussed further in section 3.

2.2.2 Some societies collect a specified amount from each member and pay the proceeds to the next-of-kin after death. These are referred to in this paper as ‘collecting’ societies. Churches, women’s clubs and other organisations that may collect moneys for funerals of members as an incidental part of their activities would not generally be regarded as burial societies, but the dividing line is a thin one, especially since such collections may generate expectations of reciprocity.

2.2.3 The effectiveness of the ‘traditional’ burial society movement must, in the end, be judged not by the financial soundness of individual burial societies, but by the success or failure of reciprocity. If a funded society becomes insolvent, it may revert to a collecting society. While this will result in heavier burdens on members than was originally anticipated, it does not necessarily result in failure of reciprocity.

2.2.4 The effectiveness of a commercial ‘burial society’, on the other hand,

FIGURE 1. A typology of burial societies



must be judged by whether it is able to meet the benefit expectations of members, and by its cost-effectiveness in doing so. The effectiveness of a hybrid society must be judged by both criteria according to members' expectations.

2.3 BENEFIT DESIGN

2.3.1 Some burial societies pay a specified benefit on the death of a member or dependant, which may differ according to whether the deceased was a member or dependant, and if a dependant, whether he or she was a child, a spouse or a parent (or parent-in-law). They may also (and in the case of 'traditional' burial societies generally do) provide help and utensils for the funeral, as well as groceries, condolence cards, wreaths and transport for mourners. Such societies are referred to in this paper as 'assured-sum' societies. Others meet the cost of specified goods (primarily the coffin) and services (primarily undertakers' services and transport of mortal remains); these are referred to as 'indemnifying' societies. In the case of some small burial societies it is not clear whether the amount payable on death is reconsidered in the light of each death, or whether it is the amount paid or the goods and services provided that establish the precedent. In such societies it may therefore be difficult to establish which of these two methods is used. In larger societies, it appears that the former method generally applies. Some burial societies pay a specified cash benefit in addition to meeting the costs of specified goods and services. Assured-sum societies and indemnifying societies may be categorised as 'defined-benefit' societies. Provided the indemnity is satisfactorily

defined in relation to the needs of members, it might be expected that an indemnifying society would better meet those needs, and thus mitigate their risks. However, such arrangements may be subject to exploitation by funeral undertakers, thus creating other risks, which are discussed in section 3.8. An assured sum allows the beneficiaries some latitude in deciding what funeral services they require.

2.3.2 There are also 'defined-contribution' societies, where the benefit depends on the contributions paid. Some such societies open a savings account for each member. Although the member has signing powers on that account, the savings book is held by the executive committee. These societies operate a rotating credit system like *stokvels*: each month one member receives the total contributions paid by members that month. But unlike a *stokvel*, the contributions are deposited into her savings account. Only in the event of the death of herself or one of her dependants (or some other contingency approved by the society) may the balance be withdrawn. (Molefe, 1989: 278). In such a burial society the extent of mutual assistance is limited in that, over time, each member becomes entitled to an amount that is approximately equal to the amount she has contributed. The rotating credit system does create a sense of solidarity, and mutually enforced savings. But the mortality risks are effectively borne by individual members.

2.3.3 A defined-benefit society may also make a collection on the death of a member or dependant. The amount so collected, which is generally referred to as a 'condolence fee' (Molefe, 1989: 257), may be added to the amount payable to the next-of-kin, or it may be added to the assets of the society. There is evidence on record of collecting societies promising sums assured; this was achieved by setting the condolence fee at a level such that the total sum collected would be at least as great as the sum assured (Kramer, 1975: 69).

2.3.4 Some women's clubs (a type of *stokvel*) pay a funeral benefit on the death of a member out of their funds in hand, otherwise their moneys are distributed at the end of the year between each other (ZCP, 1989). Here there is a risk of under-funding if deaths occur early in the year, which would either have to be met by the member or by means of condolence fees.

2.3.5 As pointed out by Hartwig (2000: 17–9), burial societies are formed and structured in response to community needs. The effectiveness of the burial society movement in serving its purpose is reflected in the wide variety of funding methods and benefit structures that exist amongst 'traditional' burial societies. Prospective members are generally able to choose burial societies that offer an acceptable trade-off between their needs and their ability to contribute. Existing burial societies are able to change their funding methods, their benefit structures and their contribution rates as the needs of their members change. And where necessary, new societies may be established to meet the needs of groups of prospective members.

2.4 RISK SPREADING

2.4.1 Lukhele (1990: 39) reports that 'some burial societies offer inadequate contributions towards a funeral, so the bereaved family has to look out for more money to

meet all the costs of a smooth funeral.’ In anticipation of such problems, as Verhoef (2001) observes, membership is not restricted to one burial society; ‘the high costs of funerals [have] resulted in membership of multiple societies to secure sufficient coverage on death.’ In the present study it was found that many burial society members belong to more than one burial society, thus not only supplementing the amount payable on the death of a member or dependant, but also spreading the risk of failure. Similarly, spouses may each belong to a different burial society, each of which covers both the member of the society and the other spouse.

2.4.2 Very often a member who belongs to a funded burial society may also belong to a collecting society. In the ancestral areas the latter societies may be very large, effectively corresponding to the domain of a particular chief. One interviewee¹ explained such an arrangement:

If someone dies, you have to go to the chief to tell him someone is dead. So each house [in the area of the chief] pays R5. That money goes to the [family of the deceased person]. And we do that immediately. Any single death you pay R5. [Because there are a lot of people dying], that one, when I count, it’s more than that R30 I pay [monthly to my other society]. Sometimes we pay R60 or R100 [a month].

Asked if she had a name for that arrangement, she laughed. ‘They call that Lotto,’ she said.

2.4.3 Bozzoli (1991: 233) reports that one interviewee belonged to ten burial societies. It appears that the contributions for most of them were relatively low. He apparently enjoyed going to the meetings for social reasons.

2.4.4 Without multiple membership, it might be impossible for the burial society movement to accommodate the needs of all its participants. In addition, multiple membership enables participants to spread their risks, thus improving the reliability of the movement as a whole.

3. RISKS FACED BY BURIAL SOCIETIES

In this section, the risks faced by burial societies are discussed under the following headings:

- failure of reciprocity;
- misuse of moneys;
- administrative inefficiency;
- mortality;
- non-payment of contributions;
- fraudulent claims;
- investment risks;
- escalation of funeral costs; and
- problems with the insurance of mortality risks.

Discussion of the management of these risks by burial societies is deferred to section 5.

3.1 FAILURE OF RECIPROCITY

3.1.1 As explained in ¶2.1.1, a ‘traditional’ burial society stands or falls on its ability to achieve reciprocity between members. Because of this emphasis, such societies

are seen by their members as long-term arrangements. The dissolution of a burial society (except in the case of a split or merger) may thus be experienced by its members as a failure of reciprocity. In a study by Ndlovu (1987: 12), a respondent reported:

I have had a nasty experience with a certain burial society. While [I was] a member, we buried several people, but when my turn came the society folded. I never got a penny back, so you can understand why burial societies or any other society for that matter, is out as far as I am concerned.

3.1.2 Dissolution may in turn be caused by discord between members or by insolvency.

3.1.3 In the first place, it should be recognised that there is no risk of insolvency for collecting societies. There is a recognition by some funded burial societies of the risk of insolvency due to heavy mortality experience. As one interviewee² put it, 'The more the people who die, so there will be a time when there won't be enough funds.' Another³ said, 'Sometimes ... [burial societies] run out of money if they have many funerals in a short space of time.' Yet another⁴ said: 'The important thing is that we have been able to bury till today. We have never been short of money. That is important.'

3.1.4 But it appears that insolvency is not generally a reason for dissolution. A number of interviewees indicated that, if their societies were to run out of money, they would, at least temporarily, revert to being a collecting society. 'We'd collect from our pockets,' said one.⁵ Another⁶ said:

We would demand an explanation and take a decision on what to do next. If there is a satisfactory explanation, the option would be to collect individually and maybe decide on whether or not to increase payments or disband.

3.1.5 A more important problem than heavy mortality experience is that of mismanagement. The reason for this is that mismanagement is more likely to result in failure to pay benefits. Said one interviewee⁷:

Many burial societies ... entrust their funds to a person and you find that the person misuses the money and the money is finished, resulting in the burial society disintegrating ... We have two branches. Initially we had four. As I told you, people are dishonest; the other two disintegrated, so we are left with two.

3.1.6 ZCP (1989) indicates that the reasons for the dissolution of funded burial societies have been:

- mismanagement of funds by office-bearers or failure to fulfil their duties;
- perceptions of discrimination on the basis of ethnicity.

3.1.7 But even insolvency due to mismanagement would not necessarily result in dissolution. As another⁸ said:

We would get together and discuss the matter to make sure that the burial continues. Afterwards we shall discuss how to get out of this situation or weigh the options of disbanding or continuing, based on the circumstances leading to the shortage and how best to manage our funds or to curtail fraud if that is the reason.

3.1.8 Continual collections at unexpected times would, however, take their toll on members' goodwill towards their society. After all, it was for this reason that funded burial societies were established. As a respondent in a study by Bozzoli (1991: 233) stated:

If it happened that the society ran short of money we are supposed to contribute again so as to cover all expenses ... Sometimes we found that we spent a lot of money in contributions for the funerals because there were many deaths. The treasurer is supposed to tell us so that we can contribute again.

3.1.9 Some of the interviewees questioned on this matter were quick to point out that it had never happened to their societies.

3.2 MISUSE OF BURIAL SOCIETIES' MONEYS

3.2.1 Molefe (1989: 49) found that, where members had had bad experiences of their burial societies, 'these ... have largely had to do with dishonesty by the office-bearers or difficulties in obtaining benefits which they were entitled to.' He found that, of 60 burial societies, 37 had experienced 'tension caused by factors such as the maladministration of funds, shortage of funds and members who fall into arrears concerning their contributions. Some societies are able to resolve such situations amicably, whereas others are unable to do so, with the result that members may start dropping out' (*op. cit.*, 282–3) The present authors find it surprising, in view of the prevalence of discussion at burial society meetings about arrear contributions, that only 37 out of 60 should have experienced tension about such factors. It would be more instructive to separate these issues and obtain some qualitative indication of the level of tension being experienced in connection with maladministration of funds and with shortage of funds in particular.

3.2.2 Of the persons interviewed by the present authors, more have reported hearing of misuse of funds in other societies than have told of misuse of funds in their own societies. 'The officials sometimes misuse the money and there are not enough funds for burial. I think these may be the problems; although [such things have] happened with other societies, ... [they have not happened] with ours.'⁹ First-hand evidence of misuse of burial societies' moneys has, however, been reported both in the literature (Margolis, 1974) and in the present study¹⁰.

3.3 ADMINISTRATIVE INEFFICIENCY

3.3.1 There may be a breakdown in trust of office-bearers not because of deliberate misuse of funds, but merely because of difficulties experienced by members in obtaining benefits to which they were entitled. As explained by one interviewee,¹¹ 'Some do not pay in time because the officials can't be traced and one has to wait. Ours pay in time and our officials are reliable.'

3.3.2 One interviewee had left a burial society because of similar problems. 'Sometimes people had to wait for two weeks before a claim was paid,' she said. 'Some official would go on holiday or leave without informing us, so who must pay our claims? We can't wait for three weeks or a month to bury our members or dependants.'¹²

3.3.3 When interviewees express satisfaction with their burial societies, they often allude to the reliability of its office-bearers: 'I see people being buried on time, there have not been any shortages of money. They have helped us in burying my brother. I am satisfied with my burial society.'¹³

3.4 MORTALITY RISKS

3.4.1 Because of the small size of a typical ‘traditional’ burial society, the probability of insolvency due to heavy mortality experience is relatively high.

3.4.2 The development of the AIDS pandemic will dramatically increase the mortality experience of burial societies, particularly in respect of children under the age of 10 and adults between the ages of 20 and 60 in the case of females and 25 and 65 in the case of males (Dorrington, 1998).

3.4.3 In the case of a burial society covering a cohort of lives with a narrow age distribution, it may be found that, from about 2010 onwards, the mortality rates of members will actually decrease between ages 40 and 55, spreading to a wider age band later, as members leave the age range at which the highest AIDS mortality occurs (ASSA, 2000). Decreasing dependent-child mortality may also be experienced as the effects of child AIDS mortality coupled with non-AIDS infant mortality decrease with their advancing ages. These effects will tend to be offset by increases in the senescent mortality of dependent parents with advancing age.

3.4.4 In general, though, the overall effect of AIDS will be a substantial increase in expected mortality. Assuming a Poisson model, the standard deviation of the number of deaths will increase in proportion to the square root of the expected number, thus reducing the confidence limits relative to the expected number. Thus, if burial societies were to adjust their contributions or benefits so that the expected contributions exceed the expected benefits by the same relative margin as before, the effect of AIDS would actually be to reduce the probability of insolvency. (This assumes that defined benefits are funded on a current-cost basis.)

3.4.5 The mortality risk of a burial society may therefore be divided into the risk that the society will wrongly estimate the expected benefits (and therefore charge contributions that are either inadequate for the society or excessively onerous for members) or that the actual benefits will be greater than their expected value.

3.5 NON-PAYMENT OF CONTRIBUTIONS

Some burial societies report that a major item of discussion at meetings relates to contributions in arrears. When a member becomes unemployed or encounters an unexpected financial contingency, she or he may be unable to continue contributions. Contributions may also be discontinued without any such reason.

3.6 FRAUDULENT CLAIMS

3.6.1 ‘Another problem,’ said one interviewee,¹⁴ ‘is that there are people who are dishonest, who are able to make false claims by using false names or using forged death certificates when filing a claim.’

3.6.2 Another interviewee¹⁵ had left her previous burial society because of problems with unsubstantiated claims:

Respondent: I had a burial society before, but we do not agree with a lot of things, you know, because it was people who come from outside the country and they just tell you someone is dead but we haven’t got a proof and they need

money ... So if I say someone is dead they are going to ask me ... [for a] death certificate; they want all the proof. But they don't want to give us the proof. So I stopped that one and then I joined another one. The problem is, those people who are mixed. The other people, they would come from Zimbabwe, some from Lesotho and Botswana. So they can just tell us, 'My mother is dead' or 'My father is dead', but they didn't bring that certificate. So we have to go to the bank, draw the money to give them, but we haven't got a proof.

Interviewer: But can't you say, 'No, we're not going to pay you because you didn't give us the certificate'?

Respondent: We did, but they just told us that [at] their place they haven't got an undertaker for the certificate.

Interviewer: Oh, so there's no certificate? So that was the problem?

Respondent: Yes

Interviewer: You had no way of checking?

Respondent: No

Interviewer: If a person died in Lesotho then you couldn't say, 'Well that person is one of us.'

Respondent: Yes. We can't even go there. But here in South Africa we did go. If a person says, 'My mother is dead', the society must hire the bus ... take the people there. So I stopped that burial society.

3.7 INVESTMENT RISKS

Some traditional funded burial societies amass considerable amounts of assets in relation to their ostensible liabilities. One burial society encountered in the present study¹⁶, with a membership of 14, had assets amounting to more than R40 000. Members of such societies are generally conscious of the need to ensure that their moneys are securely invested.

3.8 HIGH COSTS OF FUNERALS

3.8.1 The risk of untimely deaths is exacerbated by the high costs of funerals. One interviewee¹⁷ attributed this to the adoption of a 'wrong style':

Respondent: I don't know if it comes from whites or what. And we compete too much about who cooks better salads, how were salads in that funeral and that funeral.

Interviewer: What can be done to reduce the costs?

Respondent: We can adopt the style that we had in the olden days. If you die, we must use a cow skin to bury you. And we should not have all these foods.

One interviewee¹⁸ suggested: 'Don't buy food. That's the big thing. There's a lot to be saved. Just drink juice.' Another¹⁹ commented: 'If I start burying people where they died, much better. I won't have much expense. And people should start buying cheap caskets. That saves a lot of money.'

3.8.2 It appears from the above remarks that some burial society members feel

that the standard of funeral provided for is unnecessarily high, and that if more modest funerals were accepted by their fellow members, the contribution rates required would be lower. It seems, however, that such members—either because they are in a minority or because they find it difficult to argue against the pride taken by their societies in the standards to which those societies aspire—do not carry sufficient weight to influence the benefit design of those societies.

3.8.3 Some funeral undertakers are running at high profit margins. One undertaker charges R13 000 for a coffin that costs R2 000 to produce.²⁰

3.8.4 There are regulations²¹ governing funeral undertakers' premises. In terms of these regulations, undertakers have to register with municipalities. Guidelines are distributed to municipalities by the Department of Health. For example, funeral parlours may not be run in residential areas, only in semi- or light industrial areas. But it is alleged that these regulations are poorly enforced and that they are not adequate to ensure satisfactory standards of service.²²

3.8.5 It is alleged that most undertakers are operating on a cash basis, thus evading tax. Some will not release the body until the family pays. In one case the family wanted to switch to a different undertaker. Even though the first undertaker had given no services, they would not release the body until the family had paid R1 000. It is alleged that police sometimes work in cahoots with funeral parlours, and will not issue a death certificate until a contract has been signed.²³

3.8.6 Burial societies themselves may be vulnerable to exploitation. At some funerals, according to Warnecke (1994: 63), the price tag of the coffin is not removed, but displayed for everyone to see. 'People want to show that money is not the issue. They also want to make it clear that they respected and still respect the deceased. A very expensive coffin, once in the grave, is covered with a layer of concrete to make sure that it is not stolen.' Such sentiments may result in the payment of excessive prices for coffins.

3.8.7 Some respondents thought that undertakers do tend to exploit black burial societies. As one²⁴ put it:

First of all many people are dying and they [the undertakers] work with the burial societies to get as much money as possible. Why do you think the undertakers are mostly Indians? They know where the money is. I'll tell you now, Indians know business. That's their thing. You can even think they knew people will be dying in their hundreds that's why they choose that business. You die, they become rich.

3.9 PROBLEMS WITH THE INSURANCE OF MORTALITY RISKS

In the course of their activities, burial societies may be obliged, or consider it advantageous, to avail themselves of the services of insurers (either legal or illegal) or their agents. They may be targeted by certain service-providers because of the profits that may be earned from the sale of such services, and they may find themselves in competition with service-providers that offer some of the benefits normally offered by burial societies. The relationships of burial societies with some of these service-providers may create additional problems for the members of burial societies. While they may reduce their risks in some respects, they may create new risks in others, and they may

constitute a threat to the way in which burial societies operate. These problems are dealt with in section 6.

4. SOCIO-CULTURAL DIMENSIONS OF 'TRADITIONAL' BURIAL SOCIETIES

In order to understand the ways in which burial societies manage their risks, it is necessary first to develop an understanding of the social processes at work in the burial society movement and the procedures that have been adopted by burial societies to formalise some of those processes. Some of those procedures, such as their accounting procedures, have been adopted specifically for the purposes of risk management. Those are discussed in section 5. Others, such as the wearing of uniforms and the imposition of fines, serve to strengthen the sense of community within a burial society and to develop a basis of trust on which their risk management depends. This section relates, in general, to 'traditional' burial societies, though some aspects of it relate equally to hybrid societies. In sections 4.1 to 4.4, these dimensions are explored with regard to:

- selection of members;
- identity, independence and solidarity;
- order, discipline and control; and
- social support, friendship and reciprocity.

And in section 4.5, consideration is given to the way in which these dimensions serve to develop trust and enhance risk management.

4.1 SELECTION OF MEMBERS

4.1.1 The production of a community of members is rooted, in the first instance, in the ways in which new members are selected. Most burial societies are established by persons with some common tie, be it kinship, neighbourhood, place of origin or religious denomination. Because new members are introduced or invited to join by existing members, these common ties tend to perpetuate themselves within the burial society, so that the members perceive the society as being either particularly or exclusively for that category of persons. Some burial societies are strict about who may join: a person is eligible for membership only if she or he belongs to the category of persons for which the society is established. This appears to be particularly true of small kinship burial societies and 'homegirl' (female migrant) or 'homeboy' (male migrant) burial societies. Others may be open to members of other categories right from the start, or may decide at some stage to open their membership because of friendships between members and persons of other categories. A neighbourhood society may open its membership because people move away from the neighbourhood. As one interviewee²⁵ explained: 'Say you buy a house outside Soweto but you still continue to be a member. So, they may originate from Soweto but they come from all over the place now.'

4.1.2 Other studies confirm a similar trend. In townships in the Pretoria region, Molefe (1989: 181) found that most burial societies are established by people who live in the same neighbourhood. He ascribes this to the fact that black people 'generally expect people who live together to help each other.'

4.1.3 Other criteria for selecting membership—notably ethnicity, religion, gender and age—work similarly as the basis for a sense of community within the burial society. According to a database developed from a survey of adults in Soweto, 25% of burial societies comprised members of the same ethnic origin (which would include kinship groups) and 25% comprised residents of the same part of Soweto.²⁶

4.1.4 Some societies (notably the ZCC Burial Society) are established for members of a particular religious denomination. Others have a requirement that, in order to be eligible for membership, a person must have some church background (Warnecke, 1994: 38). Even where there is no such requirement, burial societies often function like church meetings, and this may serve to filter new entrants. Gamede (1997) points out that, ‘Because Africans do not make any absolute distinction between the secular and the sacred, burial societies become in some ways like religious gatherings with prayers, hymns, Bible readings, rituals, badges and uniforms. For those who have no church affiliation, burial societies can even become a substitute for belonging to a church.’ A burial society meeting that was attended by one of the authors commenced in prayer, which was led by the chairman, and the meeting closed in prayer, led by another member.²⁷

4.1.5 Using religion as a basis for determining membership is also a way of establishing shared values. As was the case in the past, ‘traditional’ burial societies assert the importance of the moral and social respectability of their members. ‘What I like,’ said one interviewee, ‘is that we have the same spirit and we do not want people who consume alcohol in the society. Before we do anything we start by prayer ... Except for people who consume liquor, anybody else can join.’²⁸

4.1.6 The assertion of ‘respectability’ is also sometimes the grounds for restricting membership by age. In this study, one large society²⁹, comprising men mostly over age 40, was ‘wary of young people’. It would also only accept married men. Commonality of age, a source of cohesion, may also occur more spontaneously. Because burial societies are often formed among friends, they may be of similar ages. One interviewee,³⁰ whose burial society comprised women mostly over age 40, explained that the society effectively comprised an age cohort:

It’s not like they joined at the age of 40. The people who are now over 40 have been members for sometimes. They were not 40 years old when they joined. Some of them spent many years there from their 30s and their years are ageing with them.

4.1.7 Historically, one of the most pervasive criteria for membership is gender. Many burial societies are restricted to women only (Warnecke, 1994: 40–1). In his study of 60 burial societies in the Pretoria region, Molefe (1989: 211) found that 41 were for women only, none were for men only and 19 were mixed. In the present study, there were two burial societies for men only. The rest were almost evenly split between women’s societies and mixed societies. As far as the members of women-only burial societies were concerned (still the backbone of the burial society system), the participation of men was inimical to the sort of trust, discipline and solidarity that marked their collective practice:

We have found women to be more cooperative than men. Men always want to rule. We are more responsible in our homes and don’t spend time on drinking and not saving. Men

would bring problems or join us for other reasons like eating our moneys and jolling. We need to be for the affairs of the society.³¹

4.1.8 In some cases, burial societies limit their membership to a certain number, and when they reach that number, will close their society to new members. One interviewee³² reports that her society, whose membership is now 36, has decided to limit its membership to 40. Another³³ reports that '28 is our round figure. We don't want our membership to be over 28. Someone can join if one member has resigned or died or something.' One interviewee regarded the function of limitation of membership to be the avoidance of unnecessary tension³⁴: 'No, other ones they've got too much argument,' he said, 'because they are so many ... people in one burial society.'

4.1.9 Warnecke (1994: 34) finds that, when the membership of a society becomes too large, it may split into smaller branches, which are more manageable. Though ZCP (1989) reports that this process is not common, some evidence of it was found in this investigation; however, the sample size used was not sufficient to establish its frequency.

4.2 IDENTITY, INDEPENDENCE AND SOLIDARITY

4.2.1 ZCP (1989) finds that burial societies are characterised by:

- a sense of pride in their achievements, the level of credibility and goodwill they have attained and the level of involvement of their members;
- their enhancement of a spirit of communalism in the urban areas;
- a sense of control over their own destinies in the face of social change;
- suspicion of outsiders who offer services or advice, particularly of insurance companies

4.2.2 As Warnecke (1994: 19) points out:

In general, members of the burial society take pride in what they are doing. They feel that they are indeed in charge of their affairs. Nobody will be able to patronise them. They are capable of independent decisions as a group, and as such they are able to determine their course of action. This kind of independence enhances the self-confidence and self-esteem of all members right from the executive down to the ordinary member.

4.2.3 The names of burial societies are sometimes indicative of independence from outside influences; for example, the *Itshwareleng Helping Society* (*Itshwareleng*, literally 'to control oneself' or 'to be in control', suggests '[taking] your matters into your own hands; there is nobody else who can do it for you'; Warnecke, 1994: 13). Other examples include *Masingwababe* (let us bury each other) and *Masibambane* (let us join hands together; *ibid.*: 47)

4.2.4 This independence is expressed in deliberate self-determination of the burial society's modus operandi by its own members. At a burial society meeting attended by one of the authors,³⁵ the chairman explained that every society is different because each society works out the rules that are best for itself.

4.2.5 At the same meeting, the author asked why the society was so stable. One of the members explained, 'We are brothers.' This carried the confirmation of the others.

4.2.6 As Margolis (1974: 19) points out, 'social solidarity is enhanced by the

custom of wearing a uniform style of dress and badges to meetings and ceremonial functions.’

4.2.7 Warnecke (1994: 48) also comments on this phenomenon:

Uniforms and brooches ... form an integral part of being a member of a society. Not wearing the uniform implies that a member does not take her membership seriously and that she is posing a threat to the morale and unity of the society. Here lies the origin of being fined for not wearing the uniform.

4.2.8 Uniforms are typically mandatory. One interviewee explained the use of uniforms as follows:

People have to see you. You look good and people should see that you belong to a particular burial society. People will respect your burial society if you dress properly. Furthermore, I am not supposed to wear short things. I must wear a proper attire so that people should respect me.

4.3 ORDER, DISCIPLINE AND CONTROL

4.3.1 The sense of respectability conferred by membership of a ‘traditional’ burial society is closely linked to its capacity to maintain organisational discipline and order. Membership entails a firm commitment to a set of shared rules, and those in breach of these are subject to agreed sanctions. In this way, the successful ‘traditional’ societies typically establish clear expectations about the structure and purpose of meetings, collective scrutiny and management of money, and services to members.

4.3.2 Members are expected to attend all monthly meetings; failure to attend results in the imposition of a fine. Failure to comply with shared rules relating to the mandatory wearing of uniforms is similarly punished.

4.3.3 The longevity, stability and appeal of a ‘traditional’ burial society is profoundly dependent on the quality of leadership, which in turn is closely related to the ways in which decisions are made and discipline maintained. These societies typically establish clear expectations about the structure and purpose of meetings, collective scrutiny and management of money, and services to members. As a result, the most stable of these societies are also remarkably orderly organisations.

4.3.4 Most burial societies do not have formal constitutions. A written constitution may be perceived as an advantage in avoiding disputes between members. In one case³⁶ a respondent thought that it would be better if his society did have a formal constitution, as he had heard of cases where there had been major disputes over entitlements on cessation of membership.

4.3.5 Warnecke (1994: 20) has noted that the constitutions of burial societies may fail to reflect the actual *modus operandi* of the societies. They may reflect the intention of members at the time of founding, but if the society’s intentions change, or if *de facto* practice departs from those intentions, the constitution is not necessarily amended. Minutes reflecting policy decisions or precedents are often a more reliable indication of the constitution of a society than the formal constitution itself.

4.3.6 While formal constitutions may be relatively rare, most burial societies take minutes of their meetings. In his study of 60 burial societies in the Pretoria region,

Molefe (1989: 235, 238) found that 58 kept records of meetings. Some burial societies do not take minutes of all proceedings, but only of policy decisions, new regulations or, as one office-bearer explained³⁷, 'burning issues'. In effect, then, these minutes establish the constitution of the society.

4.3.7 Furthermore, some burial societies have the practice of informing new members verbally about their benefits and conditions, and frequent repetition ensures that other members understand and remember them. As pointed out by Hartwig (2000: 17–9), this also obviates the necessity for formal contracts.

4.3.8 As mentioned above, the most common form of formal discipline is the levying of fines. Out of 60 burial societies in the Pretoria region, Molefe (1989: 254–9) found that 44 imposed fines for violations of their rules. Violations fined included absenteeism, late coming, arrears of contributions, unbecoming conduct, and embezzlement of funds. Most of the societies that did not impose fines were kinship societies. In the present study, one burial society was found that also levied fines for disrespect of leaders.³⁸

4.3.9 Discipline may also be imposed in the form of censure by leaders. At a meeting attended by one of the authors, the proceedings relating to the accounts were dominated by the vice-chairman, an elderly man who was less than civil towards him, and indeed towards the other members as well. He became quite angry with a member who, even though he was in employment, was in arrears and who, though he had paid his month's contributions, had failed to pay off his arrears.

4.3.10 One interviewee³⁹ stated that the vice-chairman of his burial society considered himself the leader of the society. Being one of the founder members, he had a sense of ownership of the society. This had been something of a problem, as newer members felt excluded from the decision-making process. The interviewee was, however, respected by the vice-chairman, apparently because of his standing in the community. In another case,⁴⁰ 'There was a talk to change a committee, but that was abandoned; the committee that's there has been there for a long time now,' said the interviewee. 'I don't know when will there be a change.' One interviewee in KwaZulu-Natal⁴¹ reported that the founder of his burial society continued to be 'the father figure':

The founder remains the prime decision-maker. I have yet to come across a club that runs in a manner I would call fair. I mean someone can join now and a year later we see that this person could benefit the club and push it forward and they are elected. But you always know that they are like a picture because they will never know all the important money issues. You ask them and they will say, 'Hayi, I don't know this and that ...'

4.3.11 However, even when there is no formal democratic process, the powers of the leaders may be limited. Warnecke (1994: 29) refers to the chairperson of a burial society who had attained leadership as one of the founders:

Legally, it would not be easy to depose her. However, once harm has been done, the balance of mutual trust and a good working relationship would be undermined. Her authority, and the power she wields, are not ends in themselves, but ultimately means of care for the well-being of the group. Therefore she presides at all meetings with great care

to uphold the aims and objectives of the society. She ensures that mutual trust and good relationships are maintained.

4.3.12 Nevertheless, the power of a strong, unaccountable leader detracts from the mutuality of a burial society. It is the members who bear the risks, but they are unable to participate in the control of the risks.

4.3.13 At the other end of the scale, some burial societies are extremely democratic. As one interviewee commented, in her burial society, 'everyone is a committee member,' and if there is disagreement, 'in the end, we will vote.' Kramer (1975: 110–1) records a burial society in which no person had held the same office for more than two years, and every member who had been a member for more than a year had held office:

There seemed to be an ideology of responsibility sharing and a point was made of giving office to new members as soon as possible. I feel that this sharing of responsibility was also one of the important factors in fostering a sense of solidarity amongst the members.

4.3.14 Some societies show considerable lenience to office-bearers found guilty of misuse of funds. As Margolis (1974) reports of one society:

The committee show understanding that their agents and committee members (who for the first time might be assuming a new type of responsibility) might be tempted to abuse the funds. When pilfering is discovered, the accused member is demoted, but not prosecuted by civil law. The committee tries to ensure that the money is repaid in monthly instalments by the accused, ... [who] is allowed to remain in the society.

4.3.15 One of the interviewees in the present study⁴² also reported an incident of embezzlement that occurred in his burial society, and which had been dealt with quite leniently. The secretary forged the signature of one of the treasurers and drew R3 000 from the society's account. He was then found out and was required to pay it back. At the time of the interview he was still in the process of doing so. That was a kinship burial society in which all members of the family were obliged to participate, so that expulsion was hardly an option, and dissolution of the society would have been a sub-optimal solution. Nevertheless, it should be borne in mind that, although not all burial societies are kinship societies, the level of community solidarity attained within them frequently approximates that of an extended family.

4.3.16 While disciplinary procedures may put off prospective members, they do serve to ensure the smooth running of a burial society. Tensions may arise from the overzealous imposition of sanctions, which may give rise to schisms, particularly if the decision-making process is undemocratic. It appears, however, that 'traditional' burial societies have generally established functional methods of developing consensus, and there may be a trend towards more democratic processes in such burial societies, particularly in those more recently established. The same features appear in hybrid burial societies, so far as decision-making is required.

4.4 SOCIAL SUPPORT, FRIENDSHIP AND RECIPROCITY

4.4.1 In the present study, almost all respondents emphasised the social functions of burial societies, which are most prominent and structured in the case of the

‘traditional’ societies. The monthly meetings are as much occasions to network and socialise as to monitor the society’s moneys, as illustrated by the man referred to in ¶2.4.3 who belonged to ten burial societies and enjoyed going to the meetings for social reasons.

4.4.2 If orderly and disciplined, these societies also pride themselves on their capacity for compassion, borne of an agreed flexibility in cases of personal or familial hardship—a feature of their organisational culture that differentiates them from the impersonal and blind adherence to rules that is seen to mark a white-run funeral insurance scheme.

4.4.3 As Verhoef (2001) points out, collecting societies, having no investments and being relatively informal, rely heavily on the principle of reciprocity amongst members. Initially (*ibid.*), this type of burial society was usually formed amongst people living in close proximity (typically a street) in the urban township. This phenomenon is still in operation in Soweto. It is also reported that similar arrangements exist in rural areas.⁴³

4.4.4 Ndlovu (1987: 10) states that ‘most burial societies have a policy of one-hand-washes-the-other, ... [which] simply means that a member gets as much sympathy as she gives to the other members during their time of grief.’

4.4.5 Kramer (1975: 63) observed that the families of deceased persons did not unflinchingly do their duty in all cases. He gave two reasons. The first was that they were not always able to do so, and the second was that ‘the city does offer people the opportunity to disappear and thus avoid their responsibilities.’ He suggested:

The formation of burial societies can be seen as a recognition of this fact and an attempt to counteract it. Further, the formation of burial societies by groups of kinsmen, homeboys or neighbours can be seen as attempts on the part of these people to shore up relationships of generalised reciprocity by combining them with relationships defined in terms of balanced reciprocity.

4.4.6 One of the major purposes of a burial society is to ensure a ‘proper’ funeral. To be proper, a funeral must not only conform to standards with regard to the coffin and the undertaker’s services, it must also be well attended, the arrangements and the customary rituals must go off smoothly, and the guests must be properly catered for. One interviewee⁴⁴ explained:

In a burial club you can get the support of your brothers and sisters to support you while you are under the blanket. You know how we Africans have to [be] covered in a blanket and are not able to perform other duties. Members of a burial club will support you, cook for you and do all these things for you. The burial club does these things for you. It takes away from you. We operate like a family because people around your area who belong to the burial club ... will support and take care of all these things.

4.4.7 As another⁴⁵ put it, ‘We wash dishes, we leave the place spotless and clean. And you feel that this is your family.’ This sense of family may in fact cause clashes between the burial society and the bereaved family itself. The latter interviewee explained:

Sometimes when they come to do their job, they get clash with the deceased family. You find that the family does not treat them right. They fight. Do you understand? And the burial society don’t want family’s involvement. They just want to work. We want us to be the only ones working. And those clashes can be ugly.

4.4.8 One interviewee⁴⁶ reports that, in her burial society, everybody goes to the funeral of a deceased or bereaved member:

So that's why I say it's different. And other people ... maybe someone is dying, they just take money to the burial, they don't go. And the others they make sure they go, even if they are not going all of them, but a few must go ... [But] our burial society, we [all] go. If someone dies, definitely we pay [for] the bus, we go. If you don't go, you've got to pay R100 fine ... [Otherwise, when you die] who's going to go there because next time everybody's going to stay, not going to go, and you have to do that because you, you won't be happy if we don't come ... [to your funeral]. We have to go, all of us. If you didn't go to the funeral, you're going to pay a fine.

4.4.9 Elements of this explanation emphasise the reciprocal nature of the expectations entrusted to the burial society with regard to attendance at the funeral. Just as payment for the coffin and undertaker's services are mutually assured through the burial society, so are the personal elements of the funeral. Thus, similarly, many burial societies, particularly women's burial societies, take care of the catering and the rituals. 'We are the ones that are responsible for the cooking and we spend the night before the funeral with the deceased family.'⁴⁷

4.4.10 Warnecke (1994: 19) reports that, when asked why they do not opt for commercial insurance policies, members of the societies said that a burial society did more than merely guarantee financial aid for a funeral:

Financial assistance, although vitally important, is only one of many important aspects surrounding a funeral. In this regard commercial policies are specialised and helpful. Yet many African people do not rely on them alone, because they cannot provide sympathy and empathy, i.e. the feeling of emotional support. Commercial policies do not provide mutual assistance, practical help with actual arrangements or other benefits as the burial societies can.

4.5 DEVELOPMENT OF TRUST

4.5.1 In this section, consideration is given to the way in which the socio-cultural dimensions of burial societies discussed in sections 4.1 to 4.4 serve to develop trust and enhance risk management.

4.5.2 While restrictions on membership may exclude prospective members from joining existing burial societies, they clearly serve to stabilise their membership. They also create an environment of shared norms and values, which reduces the likelihood of misunderstandings, schisms and conflict. Numerical restrictions make it possible for all members to establish stronger relationships with each other than would be possible in a larger association. All these effects provide a platform for the development of trust between members. They also serve to enhance the development of identity, independence and solidarity.

4.5.3 The identity, independence and solidarity forged by membership of burial societies serves, in turn, to strengthen the bonds between members and ensures both the continuance of the societies to which they belong and the importance of the movement in the lives of its participants.

4.5.4 One of the benefits of the sense of identity, independence and solidarity between members is that all services to a burial society are provided free of charge by its members. This means that, as pointed out by Hartwig (2000: 17–9), they have minimal administration expenses.

4.5.5 By appealing to this sense of identity, independence and solidarity, members are able to develop and implement codes of order, discipline and control, together with the sanctions necessary to enforce them. And the order, discipline and control exerted by burial societies on their members tends in turn to enhance this identity, independence and solidarity between members.

4.5.6 If the maintenance of an orderly burial society promotes social claims to respectability and dignity, it also has the added advantage of facilitating the development of disciplined and transparent risk-management procedures. Those procedures are further considered in section 5.

4.5.7 The function of norms, social networks and trust as an economic resource has been studied in the literature on social capital. Introduced by Loury (1977), the concept of social capital comprises, in particular, norms of generalised reciprocity, networks of civic engagement, and trust. ‘Generalised’ reciprocity here means ‘a continuing relationship of exchange that is at any time unrequited or imbalanced, but that involves mutual expectations that a benefit granted now should be repaid in the future’ (Putnam, 1993: 172). Putnam argues that generalised reciprocity is a highly productive component of social capital because it facilitates cooperation by reconciling self-interest and solidarity and thus bolsters both the polity and the economy. The reciprocity fostered by burial societies illustrates this argument.

4.5.8 Putnam also finds, in a study of Italian civic traditions, that dense, stable, horizontal networks of weak ties are associated with generalised reciprocity (*ibid.*). By ‘dense’ networks, he means networks involving each individual in a number of different associations. By a ‘horizontal’ network he means one that brings together agents of equivalent status and power. By ‘weak’ ties he means (citing Granovetter, 1973), ties like acquaintanceship and shared membership in secondary associations (as opposed to ‘strong’ ties like kinship and intimate friendship).

4.5.9 Because of the pre-existing ties noted in section 4.1, burial societies tend to increase the density of social networks. ‘Traditional’ burial societies, particularly those that have developed democratic processes, are ‘horizontal’ networks. Except for kinship societies, ‘traditional’ and hybrid burial societies generally involve weak ties. The strong expectations of generalised reciprocity encountered in the burial society movement corroborate Putnam’s findings.

4.5.10 The theory of social capital has a number of weaknesses:

- It purports to comprise a number of ‘components’ (particularly norms, social networks and trust) but these components are not additive; for example, the value of the norms created cannot be added to the value of the social networks created because they are interdependent.
- These ‘components’ have value in themselves, not only in the formation of social capital; that value is unquantifiable, but to ignore it is reductionist.

- There is no market for social capital.
- Social capital can be produced only as a by-product of social processes, not as an end in itself.
- Social capital is very difficult to value.
- Norms and social networks are of economic value only so far as they contribute to trust, or, more particularly, to reasonable expectations of generalised reciprocity.

4.5.11 Nevertheless, reasonable expectations of generalised reciprocity do function in a manner analogous to capital, and they could be quantified and actuarially valued on reasonable assumptions with regard to the risks involved. This would necessitate, in the first place, a decision-theoretic framework. If, for the sake of argument, expected utility theory were adopted for that purpose, it would have to be recognised that this would be subject to the constraints of bounded rationality. For an individual member, it would then be necessary to elicit a utility function and a subjective probability distribution function of the contributions payable by and the benefits payable to or in respect of the member. The value of the member's expectation of reciprocity would then be determined, in capital terms, as the certainty equivalent of the benefits net of contributions. For a burial society whose members are risk averse, the total of these values over all members would generally be positive. This total would represent the value created by the burial society through the cooperation of its members. The total value over all burial societies would represent the value created by the burial society movement as a whole. Conversely, it could be interpreted as a measure of the capacity of the burial society movement to manage its risks.

4.5.12 It should be recognised that the value described in the preceding paragraph would represent the value created in respect of the financial benefits only. Non-financial benefits such as assistance at funerals and enjoyment of social intercourse at meetings are additional.

4.5.13 However, apart from the weaknesses of expected utility as a descriptive theory, the problem with the use of that theory for this purpose is that it presupposes an unrealistically atomised and undersocialised conception of the way in which burial societies and their members make decisions. It would be useful to demonstrate that, even from the point of view of neoclassical economics, the economic value of burial societies is quantifiable. But, because the actual decision-making processes do not necessarily require individuals to refer to their own subjective attitudes to risk, and their own subjective assessments of the likelihoods of alternative outcomes, it would be difficult to elicit the utility functions and subjective probability distributions required. It would therefore be necessary to develop a theory of decision-making in the face of risk that better explains the processes at work in mutual assistance schemes.

4.5.14 The success of commercial 'burial societies', on the other hand, suggests that the nature and extent of personal or obligated social organisation play a part in determining an individual's choice between the types available. If so, the rise of such 'societies' could at least partly be explained by processes of atomisation and acculturation amongst prospective members, whose circumstances and ideals are reflected in the modus operandi of such 'societies'. Also, the time spent on burial society activities has

both a cost element and a benefit element. If the cost element rises relative to the benefit element, there may come a point at which members would wish to subcontract certain administrative functions.⁴⁸

5. RISK-MANAGEMENT PROCEDURES OF 'TRADITIONAL' BURIAL SOCIETIES

On the platform of trust discussed in the previous sections, 'traditional' burial societies have built a superstructure of procedures specifically designed to manage their risks. While these procedures are not necessarily all applied by all such societies, and while their application has met with varying degrees of success, it is instructive to consider the procedures that have been implemented. In this section, those procedures are considered under the headings of:

- accounting procedures;
- underwriting procedures;
- benefit design;
- reinsurance and pooling;
- risk rating;
- procedures relating to the non-payment of contributions;
- claims management;
- investment procedures;
- AIDS intervention;
- funeral standards; and
- organisation and skills development.

In a corporate environment, the risks addressed by these procedures could be classified as core risks, principal-agent risks, moral hazard and anti-selection risks. However, in the context of a democratic mutual assistance scheme, such distinctions tend to lose meaning. The trust required for the functioning of such a scheme applies similarly to members acting in capacities corresponding to those of policyholders, shareholders and officials of a corporate insurer.

5.1 ACCOUNTING PROCEDURES

5.1.1 In the past, as the following extract (Margolis, 1974: 21) shows, members of some societies were willing to take financial matters entirely on trust.

A law of one of the burial societies compels its committee members to keep the discussions that take place at private meetings confidential. The members are not informed of the society's financial position. The one president justified this by saying: 'To the members our savings account is a lot of money, and when we ask them for money for funerals they will tell us to use the bank money.' The members, who are largely untutored in financial matters, accept that the financial position of the societies need not be disclosed to them.

5.1.2 An office-bearer of a certain burial society became dissatisfied because he thought it was necessary to have written records of the society's finances. As the other office-bearers disagreed, he broke away from the parent society and established a new burial society in 1971. (Margolis, 1974: 10)

5.1.3 Molefe (1989: 228) observed that most of the burial societies in the black townships do not keep adequate records:

Their financial books are seldom submitted for auditing. Members are satisfied when they are presented with unaudited financial statements, which appear to be convincing ... This casual financial control sometimes opens the way for problems such as the embezzlement of funds, which greatly weakens the strength of these societies.

5.1.4 Nevertheless, it appears to the authors that, in comparison with earlier studies, most burial societies are acutely aware of the need to monitor their finances and are doing so in a highly effective manner. This may be due partly to reports of bad experiences and partly to communication between members of different burial societies about the methods used. It has also been suggested to the authors that this could be explained by a significant increase in schooling in the past half-century. While the monitoring process does not involve the maintenance of permanent records, it does involve the scrutiny of bank statements relative to contributions and benefits from one meeting to the next.

5.1.5 In the present study, one society⁴⁹ reported that there was no financial accounting to its members, but in all other cases it was found that the societies investigated had open accounting procedures and written records. According to Lukhele (1990: 19), 'in most burial societies today, the accounts are read to all members at every second meeting, and then members discuss how their money has been spent, how much money has come into the society, and in general how to make the society a success.' The reference to 'every second meeting' suggests more uniformity than the authors have encountered, but the practice of monthly financial reporting is quite general.

5.1.6 At a burial society meeting attended by one of the authors,⁵⁰ each member of the executive committee independently recorded the contributions in a book. In the book, there was a table for each meeting, ruled in columns showing, for each member, his or her name, the payment made at the meeting, the balance outstanding before payment, and any fine levied at the meeting. The payment column was summed (to a total of R390) and reconciled with the amount of money tabled. A provision of R6 was deducted to cover the treasurer's transport to the bank, leaving R384 to be banked.

5.1.7 The delegation of the task of banking money inevitably involves some trust, but societies show an awareness that the person so entrusted must be held accountable, as the following exchange⁵¹ illustrates:

Interviewer: How do you ensure that a member's contributions are accounted for?

Respondent: Dr Moposho is the chairman and a businessman. We trust him very much. At every meeting the books are disclosed and the deposit made for the month is discussed and members must accept or reject the report.

5.1.8 A burial society may have separate accounts for different purposes. As one interviewee⁵² explained, 'We have books for vegetables, transportation, City, and one for miscellaneous things ... We have four accounts.'

5.1.9 Some societies issue receipts for contributions paid, but this is not universal practice. (Molefe, 1989: 236) Regular financial reporting at meetings may be supplemented by an annual report. (Warnecke, 1994: 25)

5.1.10 Burial societies show an awareness that, by ensuring accountability, not only will greater security be achieved, but tensions will be avoided. Said one interviewee: 'Every month at the meeting, the society book goes round so that everyone can see how much there is. Else people will fight.'⁵³ Molefe (1989: 277) reports that some banks decline to open accounts for burial societies 'because of the frequent disputes that arise among members concerning financial matters; the bank then finds itself drawn into a raging controversy.' Nevertheless, it is apparent that the accounting procedures adopted by burial societies are improving.

5.2 UNDERWRITING PROCEDURES

5.2.1 Some interviewees were asked whether their burial societies would accept as a new member a person who was sick. While some respondents were uncomfortable about this idea, it appeared that there were seldom hard and fast rules about the exclusion of such persons. One interviewee⁵⁴ went so far as to say, 'You can't join the society when there is a member in hospital. That is robbery.' On the other hand, another⁵⁵ said:

No, we just tell a member of joining fees and rules and accept the member. We can't check; some people would lie about their health circumstances. We are not doctors and have no money. People from insurance companies do checks.

5.2.2 Between these extremes, there were some more equivocal answers.

5.2.3 In answer to such questions, some interviewees explained that they applied a waiting period, generally three or six months. One⁵⁶ explained:

We give members a waiting period of six months. If the person survives the six months, irrespective of when she contracted the disease we would bury her. The timing of the sickness is not our problem and at least we have punished the person for six months.

5.2.4 Another⁵⁷ said:

Sometimes these people know when they are about to die. We want to make sure you are not bringing to us walking coffins. Six months is fair.

5.2.5 Another⁵⁸ reported that, if a member dies during the waiting period, 'we collect amongst ourselves and donate.' This donation, which effectively becomes an *ex gratia* benefit at no net cost to the society's fund, would apparently be lower than the full benefit.

5.2.6 One interviewee⁵⁹ focused on active recruiting so as to avoid anti-selection: 'We don't accept people coming to us because they know that they are dying,' she said, 'otherwise the burial society will be unable to generate income. We actually recruit people we know [rather] than those we don't know.'

5.2.7 One burial society⁶⁰ applied a maximum entry age of 50 years and another⁶¹ applied a maximum of 70. For members under age 50, one coloured burial society charges a joining fee of R120. For older members the joining fee is negotiated: a member of the executive committee will ask the prospective member, 'Why are you only wanting to join now? Why did you not start thinking about this at an earlier age?' The negotiated fee might for example be as much as R2 000 at age 60.⁶² It appears that there is an element of resentment of new entrants at older ages. The implication is that, since the

applicant belongs to the community for whom the burial society was established, he or she should have joined at an earlier age. Existing members resent the fact that they have had to contribute for many years, whereas the applicant has not, yet he or she comes into the society on an equal footing to long-standing members. This suggests that members believe they have been investing in social capital. It also suggests a criterion of retrospective fairness rather than prospective underwriting in the application of maximum entry ages. Under a prospective underwriting approach, if costs were expected to increase by age, existing members' objections would be based on prospective costs, and if costs were not expected to increase by age, they would have no objection.

5.2.8 Because burial societies are often formed among friends, they may be of similar ages. As noted in ¶4.1.6, a burial society may therefore comprise an age cohort.

5.2.9 While it is evident that the measures used to avoid anti-selection and control moral hazard are quite varied, it is equally evident that measures are in place. The fact that members know each other serves to enhance such measures, and places the burial society movement at an advantage over the formal sector.

5.3 BENEFIT DESIGN

5.3.1 As discussed in section 2.3, some funded burial societies operate on a defined-contribution basis, thus avoiding mortality risks. A collecting society merely pools its members' risks without exposing itself to any mortality risk.

5.3.2 In his study of 60 burial societies in the Pretoria region, Molefe (1989: 254) found that 25 collected condolence fees on the death of a member, of which ten were collecting societies. Of the remainder, it is not clear how many would add the amount so collected to the amount that would otherwise have been payable. One interviewee in the present study⁶³ explained: 'After a funeral we pay R20, each person, and we leave that money to that house.' On the other hand, another interviewee explained that, when a member or dependant dies, 'part of the funeral costs are met by a collection of R40 from each member.'⁶⁴ In another burial society⁶⁵ a contribution of R100 is payable by each member whenever there is a death 'to maintain the strength of the Club'. If, as in the last two cases, the condolence fees are offset against the funeral benefit or paid to the society, and the benefit is not increased by the amount collected, the practice of collecting condolence fees serves to reduce the risk of insolvency.

5.4 REINSURANCE AND POOLING

5.4.1 Molefe (1989: 193–6) found that only three of 60 burial societies studied in Mamelodi, Soshanguve and Atteridgeville were 'part of a larger body'. Those three were the Mapulana Burial Society, Women for Business and the National Council of African Women. It appears that only in the first case was there any sharing of risk. Some burial societies have branches throughout a province or linguistically homogeneous area. The Bongo le Sizwe Burial Club, for example, has branches throughout the Eastern Cape.⁶⁶ Another society⁶⁷ has branches throughout Mpumalanga. The Great North Burial Society, which is a registered friendly society subject to actuarial valuation, had a membership of over 1 500 at its last valuation (Clemans, Murfin & Rolland, 1992). The

ZCC Burial Society is also a large society for members of the Zion Christian Church, with over 1 000 members as at 31 December 1999 (Sithole AB & T, 2001). The Thusaneng Women's Club is a countrywide organisation with many sub-groups throughout South Africa. (Warnecke, 1994: 14)

5.4.2 It appears that, in most of these societies, risks are aggregated and the finances are centrally controlled. This has the advantage that the local branches do not generally suffer as seriously from adverse fluctuations in mortality experience as they would if they were on their own. It has the disadvantage that members are not as closely involved either with the control of their finances or with the design of their benefits and conditions. In most of these societies, however, there are strong common bonds that transcend the ties within the local branches.

5.4.3 In one instance⁶⁸ it was found that a few such burial societies had retained links with others from which they had split away. Four such societies for Botswana citizens working in the Johannesburg area split away from a larger society. The larger society had been for residents of a certain region of Botswana. Each of the smaller societies catered for residents of a small area within that region. This resulted in greater cohesion and accountability within each of the new societies than they had experienced in the original society. However, they did see the need for reciprocity between the new societies. Two of the smaller societies agreed with each other that, whenever one of their members died, the other society would contribute R800 to the society of the member concerned. That arrangement faltered when one society refused to pay because a member of the other society had died in Gaborone and not in Johannesburg. The reason why this distinction was considered important was that the major costs covered by the burial societies, both of which were indemnifying societies, were in respect of transport of the mortal remains of the deceased member from Johannesburg to the ancestral lands in Botswana. It was argued that, in this case, those costs were substantially reduced.

5.4.4 In another burial society, apparently consisting of two branches, if there is a death in one branch, the other branch contributes R700 towards the benefit payable.⁶⁹

5.4.5 Zikhuliseni Community Programmes, a ministry of the Methodist Church of Southern Africa, runs a funeral fund, known as Ziklife, which offers investment and reinsurance services to burial societies. The former are placed partly with banks and partly in community development projects. The latter are placed with a registered insurer. Ziklife has been able to secure cheaper funerals for the members of the burial societies—sometimes as much as 45% cheaper—by negotiating with the undertakers. (Gamede, 1997)

5.4.6 Reinsurance is also offered by means of group funeral policies underwritten by insurers registered for assistance business and sold either by their agents or by undertakers or administrators. Some unlicensed operators offer such policies illegally. These matters are dealt with further below.

5.4.7 While the extent of reinsurance and pooling of risks is apparently quite limited, it may add strength to the movement where it exists.

5.5 RISK RATING

5.5.1 It is a matter of actuarial interest to establish how burial societies rate their risks. In the first place, contributions do not normally vary by number of dependants; community rating normally applies. There are cases on record of burial societies charging higher joining fees for older entrants than for younger entrants (Kramer, 1975: 74). But it appears that, as in the case referred to in ¶5.2.7, this may have been a form of penalty due to their not having joined when they could have joined, rather than an attempt at risk rating.

5.5.2 There is evidence of increases in contributions when benefits are satisfactory and funds are decreasing. One interviewee⁷⁰ explained that her burial society had fixed its contribution rate at R30 a month. Asked how they had decided on that amount, she explained, 'We are paying R20 and we see that the money is not enough at the bank, and then we pay R10 more.'

5.5.3 There is also evidence of increases in benefits when contribution rates are satisfactory and funds in hand are increasing. One interviewee recalls, 'It started at a low level and has been rising since. We check how much money is coming in and how much money we have in our account, then we restructure the benefit.'⁷¹ Members may also wait until funds are adequate before they cover additional dependants. Another interviewee⁷² explains:

See, we put money from the bank, nè? Then we see that money is a little bit more. Then we are able to do children. That's why, before, we didn't mention the children. . . , we didn't bury children. Then we see, no . . . we've got some little money, we add some children and the parents. Ja, it goes like this.

5.5.4 There is also evidence from interviewees of increases in benefits to keep pace with inflation⁷³.

5.5.5 Burial societies also compare contributions with each other, and take into account the level of contributions that members can afford.⁷⁴

5.5.6 Sometimes mistakes are made:

We used to pay R117 [a month]. It is only last year that we paid R87. We are supposed to pay R500 for the whole year towards that funeral cover, so we realised that paying R117 meant paying more than required, so we had to rectify that mistake.⁷⁵

It thus appears that this interviewee was under the impression that, whereas R117 a month was excessive, R87 a month would be equivalent to R500 a year, a mistake that evidently still had to be corrected.

5.5.7 In general, rating mistakes are not serious. Because financial reporting takes place monthly, quick decisions can be made as and when necessary.

5.6 NON-PAYMENT OF CONTRIBUTIONS

5.6.1 Various methods are used by different burial societies to reduce the risk of non-payment of contributions. However, they are generally quite flexible. Such methods range from periods of grace to social pressure or fines.

5.6.2 In many societies, a member is permitted to be three months in arrears, after which that member forfeits her or his cover until the arrears have been paid. However, in some burial societies the survivors are merely required to meet the shortfall;

‘They will speak to the people involved to close the hole.’⁷⁶ Or, as another interviewee put it, ‘If you’ve missed three months and you die while you are here, we pull the money for three months from how much we pay to give you.’⁷⁷ One society levies a fine for contributions outstanding for three or more months against the benefit payable on the death of a member or dependant. But if contributions are more than six months outstanding, no benefits are payable.⁷⁸ The period of grace may be seen as a loan; one interviewee explained that, if a member cannot afford to pay her contributions, ‘the society lends them money and they have to pay it back in a period of three months.’⁷⁹

5.6.3 Some societies will withdraw cover only if the member has failed to attend meetings while her or his contributions have been in arrears. One burial society member⁸⁰ saw this as a major advantage of burial societies over funeral policies:

You know the reason why people do not want to join the insurance companies of the whites, white people would say if maybe you missed payments for maybe three months and something happens to you, you have defaulted. We do not do that ... If for six months you do not contribute and do not show up to the society, it is then that we say we will not cover you.

Making the period of grace subject to attendance at meetings serves to enhance the efficacy of social pressure at those meetings, and to monitor the circumstances of the defaulter.

5.6.4 Social pressure may include labelling the recalcitrant member as a ‘defaulter’, which implies that she is not in good standing. Nevertheless, there is a certain openness to discussion of the reasons for which the member is unable to pay and to the making of special arrangements. ‘If you can’t afford you must report,’ said one interviewee, ‘but if you miss three months they won’t help you financially because you are a defaulter. But the society is there to help anybody if there is a crisis. You must report your problems.’⁸¹ In considering applications for lenience in the non-payment of contributions, various factors may be considered. As one interviewee⁸² explained:

Our club is one where you can talk. It’s a club of the people. It’s not like a computer that when you don’t feed in information it stops. No, we are people ... you negotiate. So if there are problems you negotiate and make suitable arrangements. In these negotiations, factors such as how long have you been part of the burial club, the record of your payments and such things will be important.

5.6.5 One interviewee⁸³ reported that, for reasons of confidentiality, members who could not afford to pay were dealt with by a special committee:

There are people chosen to deal with people who can’t pay and they will decide. We can’t decide, we don’t even know what happens in that meeting. Sometimes the problem is personal, so the committee will hear it and no one except the committee will know.

5.6.6 In three burial societies studied in the Free State, Warnecke (1994: 36–7) found that, during their meetings, ‘those who are in arrears receive a public reminder to settle their debt ...’:

The motive behind this seems to be discipline by means of peer pressure ... [One society] encourages members to borrow money to pay their fees. Some cases of severe defaulting do occur. These members are summoned by the executive to explain their position. If a member’s arrears are not too great, her debt is merely deducted from the payout.

5.6.7 In most burial societies, contributions are collected at their monthly meetings. Molefe (1989: 233), however, records one society, with a membership of 300, which only meets quarterly. It has devised a system of 'runners', each assigned a specific area in which to collect monthly contributions from members. Such door-to-door collections may reduce the risk of default through non-attendance at meetings.

5.6.8 While the non-payment of contributions is evidently a serious problem for burial societies, it is evident from the above that numerous ways of dealing with this problem have been devised. The methods used are acceptable to members and have generally provided a solution to the problem that ensures the continuing viability of the society.

5.7 CLAIMS MANAGEMENT

5.7.1 Virtually all burial societies maintain lists of members (including their contribution records) and dependants. These serve both to ensure that contributions are paid and to establish who is eligible for benefits. The authors found that one kinship society,⁸⁴ even though its members were illiterate, maintained such a list: 'There is a book where every member and their dependants are listed ... That is how we know who is a member and who is not or who has paid and who hasn't paid.' Larger burial societies may require new entrants to fill in forms listing their dependants.⁸⁵ Smaller burial societies may be less formal, but even for such societies it was found that some form of register was kept. In those societies the register may not list dependants by name, but generally that is because at least one person other than the member knows who the member's dependants are.⁸⁶

5.7.2 In the coloured burial societies of the Western Cape, a prospective member must bring her or his identity document when joining and all dependants must be registered.⁸⁷

5.7.3 It appears that, in some societies, considerable care is taken to ensure that deaths are validated. 'If the death occurred in Pietersburg,' said one interviewee, 'the society is bound to go there and make sure that there is death there because there are many crooks nowadays.'⁸⁸

5.8 INVESTMENT PROCEDURES

5.8.1 Molefe (1989: 274-7) found that 'traditional' burial societies generally invest their moneys in savings accounts. In a number of cases, however, the societies' moneys were held in cash by trustees. In respect of one such society, the investigator was informed as follows:

At each meeting the treasurer counts the available funds in the presence of everybody, in order to satisfy members that their funds are still intact. Should one of the members criticise the treasurer, she abandons her task and requests the society to appoint another member as treasurer, so that she should feel what it is like to keep societal funds in her custody.

5.8.2 Another society was formed in 1972 after a disagreement with its parent society. According to informants, the reason for the breakaway was that the parent society did not bank its moneys and the easy availability of money led to misappropriation of funds. (Margolis, 1974: 10)

5.8.3 But it appears that, today, there is increasing awareness amongst burial societies of the danger of keeping their funds in cash. One member⁸⁹ explained that, in her society,

All the money is kept with the bank unlike many burial societies who entrust their funds to a person and you find that the person misuses the money and the money is finished, resulting in the burial society disintegrating.

5.8.4 'We long learned to take any surplus to the bank,' said an informant of Bozzoli (1991: 233), 'because members used to borrow it only to retain it for keeps.' Said an interviewee in this study: 'Money is kept in the bank. No one wants to keep the money because you could be attacked.'⁹⁰

5.8.5 Verhoef (2001) reports that the moneys of funded societies are deposited in bank accounts or ... in endowment policies with insurance companies. In the present study, one burial society⁹¹ was found that invested part of its moneys in an account with an undertaker.

5.8.6 ZCP (1989) suggests that burial societies' moneys could be invested in ventures that would contribute towards the ultimate empowerment of the community. 'Various economic activities could thus be initiated, activities like buying co-operatives ... We know of only one society that has ventured to start a funeral parlour.' It points out that 'most of the societies run savings accounts with banks and building societies; the reason advanced for this is ... the need for security for their funds, rather than the financial interest received.' It appears that the reasons for societies not engaging in this type of investment is the lack of security involved in doing so, and their own lack of experience in making investments of that nature.

5.8.7 In his study of 60 burial societies in the Pretoria region, Molefe (1989: 315) found that 15 had from time to time made small loans to members with financial problems. In the present study, little evidence of loans to members was found. As one interviewee⁹² explained:

You see, we did it before, but now you don't have to borrow money from the burial society because something's going to happen and then that person doesn't want to bring the money back ... You see, when you do this thing, we've sold what is coming before ... Just now some people borrowed the money from the other burial society. We've just heard that the person doesn't want to pay the money back.

5.8.8 Another interviewee⁹³ reported, however, that members of a burial society may borrow from each other without having recourse to the society's funds. 'When there is a need to borrow money I borrow from members of our burial society and pay them at the end of the month.'

5.8.9 If a burial society can control loans to members, it may add value to its benefits to members. Generally, however, it appears that burial societies tend to avoid the risks and the associated conflicts that might result from the granting of loans to members.

5.8.10 While the use of bank deposits provides security, it must be recognised that, as pointed out by Hartwig (2000: 17–9), the expected rates of return on their funds are commensurately reduced.

5.9 AIDS INTERVENTION

5.9.1 Asked whether their burial societies had discussed the matter of AIDS at their meetings, most informants in the present study said they had not. In one case, the vice-chairman of a burial society dismissed the idea of discussing AIDS with amusement⁹⁴. In general, the reason for not discussing the matter is that they have not experienced AIDS deaths as such. As one interviewee said, ‘Although we know and talk about HIV/AIDS, it has not been a point for discussion at meetings. I think if any of our members dies of AIDS, it would be a matter for the agenda. So far no one has died [of AIDS] and it is not an issue. Of course, more deaths due to AIDS would affect our bankbook.’⁹⁵

5.9.2 Some respondents recognised that families might be losing members through AIDS without acknowledging it. This may be due to—and may itself be contributing to—a culture of denial. One interviewee⁹⁶ said:

No, we have not discussed this issue, because people don’t discuss AIDS. Family members won’t say so-and-so died of AIDS. Politicians die but they don’t talk about AIDS. How many people have died of AIDS and have you heard of people mentioning AIDS? What happens to those who mention AIDS? They just say he was sick of TB or short-breath [asthma]. [AIDS sufferers] are stigmatised. People go on talking about them, saying, ‘Have you seen so-and-so has AIDS; he’s lost weight and spreading the sickness,’ which is bad!

5.9.3 Another⁹⁷ said:

We talk informally about how AIDS is killing people, bring awareness by preaching to the members to practise safe sex or stick to one partner. It’s even safer to stick to one partner than to use a condom. We tell them to be honest to their partners. As you know, no one is interested in this topic. People would like to avoid it and gossip, because no ... family has come out in the open about it.

5.9.4 Ignorance is still a problem. Because a member is not knowledgeable about AIDS, she or he may be unwilling to raise the issue formally at a meeting. As one interviewee⁹⁸ said, ‘They don’t know about AIDS, they just hear about it, but they don’t know ... We don’t know [whether AIDS will be a problem for our burial society]. Maybe some time, maybe, maybe not, we don’t know.’

5.9.5 Another factor may be a sort of cultural inertia: because some societies’ meetings are quite formal, there is no space in which to raise matters other than those that form part of the regular agenda unless a crisis takes place. One interviewee⁹⁹ explained that no one had ‘tried to talk about the AIDS’. But she acknowledged that ‘Maybe if someone tries to talk about that they can be heard.’ The use of prayer in burial societies may enable members to raise the matter of AIDS without making it a matter for discussion: ‘We talk about it among ourselves when we are praying,’ said an interviewee¹⁰⁰. ‘We pray that God must end a disease like that.’

5.9.6 Another interviewee¹⁰¹ explained that his society was not concerned about AIDS because ‘it takes a long time to die of AIDS.’

5.9.7 There were exceptions, though, as one interviewee¹⁰² commented:

Well the way I see it is the way HIV/AIDS is escalating already... I have seen the effects when I was heavily involved in the club. I have felt the effects working up and down with the hearse, day and night, you see. It has been a real threat and I would say it will be a threat.

5.9.8 One interviewee felt that both AIDS and gun violence were problems of the youth. 'It is mostly the youth who die of AIDS,' she said. 'Most funerals are of youth who die of AIDS and guns, but the family won't say it is AIDS. Instead of wasting their money on alcohol they must join societies.'¹⁰³

5.9.9 In KwaZulu-Natal, a 28-year-old woman¹⁰⁴ was extremely angry about the fact that her late uncle's HIV status had been covered up. She was also highly conscious of the high mortality being experienced amongst young people in her neighbourhood:

Yes, yes ... people are dying, people are really dying ... for me, I don't even really get shocked anymore ... I can even see a person when they are about to go [die], I can see that he's gone, he's gone ... you see ...

5.9.10 A 23-year-old student¹⁰⁵ in KwaZulu-Natal was attracted to the idea of joining a burial society. The interviewer asked her about the relationship between this attraction and the threat of AIDS at a personal level:

Interviewer: Earlier you said something interesting: that one of the reasons you would join is that you are not sure about yourself [i.e. whether or not you are HIV-positive] and this would motivate you to join ...

Respondent: Yes, this would definitely make me join, the fact that I don't know whether you know ... if I'm fine ... you know ...

Interviewer: Yes, because you see that young people around you are dying ...

Respondent: Yes, I think this is the main reason why young people are joining.

Interviewer: It's really distressing that people are dying so much, and that young people are not talking about AIDS ...

Respondent: Yes, people don't talk, and I really don't know why ... I think that people are scared, it's just being scared ...

5.9.11 However, there is no suggestion of any exclusions for AIDS deaths. As one interviewee said, 'We have never buried a person who died of AIDS, so we have not thought about it yet. But should it occur, we are going to bury the dependant of our member, or our member; we can never say that we are not going to bury her.'

5.9.12 It appears from the authors' investigations that burial societies are not generally taking any action to deal with AIDS or to consider its possible effects on their funding requirements.

5.10 FUNERAL STANDARDS

5.10.1 Funeral undertaking naturally constitutes a major field of commercial service provision for burial societies. As Dandala (1990: 12) points out, burial societies have the ability 'to bargain with funeral parlours for good rates.' It appears that many burial societies have done so. Some of these deals bind the burial society to arrange all funerals of its members and their dependants through the undertaker, whereas others leave it to the family to decide. One interviewee¹⁰⁶ explained:

Like there is three sisters in my family and someone dies and we start competing about mortuaries. Maybe my sister has a mortuary and my society has a different one. So, it is better to give you money up front.

5.10.2 One interviewee confirmed that her burial society had made an

arrangement with undertakers that involved reduced prices for their services. 'But we don't force our members to take that undertaker because the family take decisions on funerals,' she said. 'So it is up to the member. If it is an expensive funeral, the member and his family must pay.'¹⁰⁷

5.10.3 Exclusive contracts between burial societies and undertakers cannot be easily enforced by the latter. One interviewee¹⁰⁸ acknowledged that his burial society had signed such a contract. That contract¹⁰⁹ gives the burial society a 20% discount on the listed price of coffins. It binds the burial society to an exclusive relationship with the undertaker. During the subsistence of the agreement, the society is prohibited by it from purchasing any funeral services from any third party. However, it is evident from the interview that the burial society did not consider this agreement binding. The first time they had tried to avail themselves of the services of the undertaker in terms of the contract, the undertaker had given them a quotation that was considerably more expensive than that of another undertaker. 'It's very expensive,' he said, '... so now we don't use it any more.' Asked whether the contract had been cancelled, he said, 'No, we didn't even go there.'

5.10.4 Particularly good deals appear to have been struck by some of the coloured burial societies in the Western Cape. One such society¹¹⁰ maintains contact with a firm of undertakers with whom they have negotiated a 50% discount in respect of their members. However, the burial society is not obliged to continue this arrangement. The undertaker provides a hearse, two cars, a coffin, a grave and the usual services for R2 500. (This is considerably less than the average cost of an undertaker's charges for a funeral, which are estimated by one source in the industry¹¹¹ as about R8 000.) This amount is paid by the burial society direct to the undertaker. If and when prices increase due to inflation, the amount payable is increased accordingly. If a member wants a better coffin or other additional services, he or she has to pay for them.

5.10.5 An advantage of a contract with an undertaker is the avoidance of the need for negotiations and quotations when a death occurs. 'For example,' explained one interviewee¹¹², 'if someone that I registered fall and dies while I am at work, you just pick up the telephone and call City Funeral Undertakers that Mpho died and he is under Understanding Each Other Burial Society. City will come to collect him. When I come back at night, I will go to City to arrange further.' That burial society has an account with the undertaker, on which a credit balance is normally maintained. 'In one year,' however, the interviewee explained, 'we had many funerals, I think about six, and we did not have enough balance at City Funeral Undertakers. But because we have been City's members for too long and they know us, they agreed to bury for us on credit. We paid City later. We have a good account with City.'

5.10.6 At the request of undertakers, an association of funeral undertakers is currently being organised as a section 21C company. According to the informant who is making these arrangements, there are only two major funeral undertakers currently able to offer a national product at a uniform price. The insurers want to do deals with other funeral undertakers on a national basis. There are associations of black funeral undertakers (e.g. Independent Black Funeral Parlours Association, National Black Funeral Directors Association, and Independent Funeral Directors' Association) but

according to the informant, 'they are doing nothing for their members'. He is rating funeral parlours according to the standards they maintain. Standards for membership of the proposed association are being set by consultation with prospective members.¹¹³

5.11 ORGANISATION AND SKILLS DEVELOPMENT

5.11.1 Because of the spirit of independence in 'traditional' burial societies, they are reluctant to resort to commercial or professional help, even in areas where they lack skills.

5.11.2 According to Molefe (1989: 228–9), 68% of respondents in Hall's (1987) study indicated that some kind of training was necessary for committee members of burial societies. Those that responded in favour generally listed accounting and bookkeeping as the most needed skills. In the ZCP (1989) study, the desire for strengthening management skills was identified by society members as their greatest need.

5.11.3 In some burial societies the members are illiterate. One interviewee¹¹⁴ reported that, when his burial society needs to make arrangements with an undertaker, 'the treasurer will go with one of the next of kin to ... the undertaker to go and pay him. And they will take somebody younger who is at school and can read for them.'

5.11.4 Yet burial societies are fiercely defensive of their independence of outside help. Another interviewee explained: 'No, we don't need such services [commercial or professional services of book-keeping, auditing or administration]. We can count money for ourselves and won't give money to other people for nothing.'¹¹⁵

5.11.5 Margolis (1974: 29) found that 'the committees are untutored in financial matters and inexperienced in [the] accounting knowledge necessary for the operation of such societies. [They] lack knowledge of simple committee procedure. Unfamiliarity with the duties of a chairman, secretary or treasurer leads to inefficient administration.' While the societies encountered in the present study tend to be better administered than those studied by Margolis in the early 1970s, it is still apparent that there is a shortage of skills. Nevertheless, it would appear that the answer is not to provide such skills commercially, but to provide such training as the members of the burial societies require.

5.11.6 In recent months the National Co-operatives Association of South Africa (NCASA) has taken initiatives to establish a national organisation of burial societies (NCASA, 2002). If this initiative succeeds, it may help burial societies not only to negotiate at a national level with undertakers, insurers, banks and government, but also to develop skills and disseminate knowledge that will be useful in the further development of their risk-management procedures.

6. INSURANCE OF MORTALITY RISKS

In this section the development of insurance products by registered insurers is briefly described. This is followed by a discussion of problems relating to premiums and benefit design. The activities of illegal insurers and administrators are then discussed. Finally the question whether and under what circumstances insurers add value to the burial society movement is considered.

6.1 INSURANCE PRODUCTS

6.1.1 Burial societies and their members encounter funeral insurers in two different ways. In their marketing of individual-life funeral policies, insurers are competitors, whereas in their marketing of group funeral policies they are service-providers. As explained below, there is a grey area between individual-life and group business.

6.1.2 The former role does not appear to be perceived as a threat by burial societies; for many years, burial society members have used funeral policies to provide additional cover. As Kramer (1975: 149) put it, 'Those who can afford it, get the best of both worlds by belonging to both a burial society ... [and] a burial insurance policy.' But people's experience of insurance has not always been satisfactory, as Kuper & Kaplan (1944: 185) record:

Among the less educated, the glibness and persuasiveness of the agent is often the decisive factor in the choice of company. Some insurance companies and burial societies have not been above suspicion in their dealings with Africans.

6.1.3 Yet individual-life funeral policies are expensive to administer. These expense levels are reflected in their premium rates. 'Many people can't afford insurance,' said one interviewee.¹¹⁶

6.1.4 For insurers, the prospect of profits is better in the group-life market. For underwriting purposes, group funeral business may be divided into voluntary and compulsory business by using the latter to refer to a group only if becoming a member is not for the purposes of cover. Since a major purpose (if not the only purpose) of joining a burial society is to obtain cover, it may be argued that funeral policies covering burial societies are generally treated as voluntary group business.

6.1.5 Clearly, there are benefits to burial societies in effecting voluntary group funeral policies. They are insured against insolvency, the likelihood of fraud is reduced and members do not have to get involved in decision-making about contribution rates. On the other hand, not only do they lose control of at least part of the mutual assistance process, they also face a number of problems that would otherwise not arise. These problems relate to the high premiums payable and to faults in product design.

6.2 PROBLEMS WITH PREMIUMS

6.2.1 The problems relating to the high premiums payable arise from high unit costs, the activities of intermediaries, AIDS, ageing membership and indiscriminate underwriting.

6.2.2 The sums assured on assistance business are very low, with the result that, if this business is underwritten by a commercial insurer, besides having to contribute to the insurer's profits, much of the premium is absorbed by expenses. Some of these expenses are incurred through a duplication of record-keeping functions by the burial society and the insurer, which would otherwise be unnecessary. The remainder are incurred through the commercialisation of functions that would otherwise be fulfilled voluntarily by the members of the burial society.

6.2.3 By aggregating assistance business into voluntary group business,

intermediaries serve to reduce the expenses that would otherwise be incurred by insurers. However, in terms of the regulations under the Long-term Insurance Act¹¹⁷, there is no limit to the commission payable on assistance business, and intermediaries can also charge burial societies for their services by charging higher premiums than those payable to the insurers. Furthermore, intermediaries do not generally inform burial societies of the amounts of their commission and charges. This results in an asymmetry of information.

6.2.4 Funeral insurers have found that premium rates for group funeral cover for burial societies are tending to escalate, not only because of AIDS, but also because of the ageing membership of the societies. The latter effect arises not only from the fact that younger members are increasingly tending to be covered by compulsory group schemes through their employment,¹¹⁸ but also from the fact that the burial society may comprise an age cohort.¹¹⁹

6.2.5 The distinction between voluntary and compulsory group business is made for underwriting purposes: all else being equal, a higher premium must be charged for voluntary business than for compulsory business because of anti-selection. The purpose of a burial society is generally much broader than the provision of cover. However, in relation to the amount of the premiums, it is too expensive for an insurer to try and establish for each society the extent to which its purposes are limited to the provision of cover.¹²⁰ This may mean that some burial societies are charged excessive premiums, leaving such societies better off by underwriting their own risks. To some extent, this problem could be addressed by experience rating, provided the business can be suitably categorised with reference to variables that might provide proxies for the extent to which anti-selection is likely.

6.3 PROBLEMS WITH BENEFIT DESIGN

6.3.1 The faults in product design relate to inflexibility with regard to benefit design and the treatment of arrears in contributions, delays in the payment of claims and the use of yearly renewable term assurance.

6.3.2 As discussed above, there is a rich variety of different benefit structures amongst burial societies. The products available from funeral insurers are not sufficiently flexible for the needs of burial societies. Some offices specify the sums assured and will not allow individual societies to opt for different levels of cover. They are generally not prepared to offer additional (delayed) benefits for the unveiling of a tombstone.¹²¹ Indemnity benefits are sometimes provided through short-term insurance licences, but these too are insufficiently flexible.

6.3.3 In order to cater for the discretion that a burial society may wish to apply during a period when a member is unable to pay contributions, the insurer of a voluntary group funeral policy may require the society to meet that member's contributions during that period. This may be problematic for other members of the burial society. On the other hand, if (as often happens) an insurer withholds cover as soon as a member falls into arrear, the loss of cover is generally unacceptable to members. As explained in section 5.6, burial societies have their own methods of dealing with arrears in contributions, which are generally quite flexible.

6.3.4 One area in which there is some dissatisfaction with the service provided by insurers is in the time taken for the settlement of claims. As pointed out by Hartwig (2000: 17–9), burial societies help in situations where money is needed quickly because they are flexible and accommodating. One interviewee¹²² commented:

[A burial society] is quicker to pay out when death strikes and money is needed. There is no filling of forms and waiting for days before money is approved ... [Burial societies] are locally based and run by people who understand our problems and tradition and who are ready to help their members.

6.3.5 The delay in payment of claims may be caused either by the documentation required or by administrative delays. While some insurers have succeeded in ensuring rapid payment, there is a perception amongst burial society members that others have not. A society may mandate its insurer to pay claims to the society so as to avoid subjecting members and their families to clearing delays on cheque payments. Otherwise the claim may be paid to a beneficiary nominated by the member and recorded on her or his certificate. A society may instruct the insurer to pay a claim to an undertaker on behalf of a beneficiary, but this necessitates follow-up by the insurer to ensure that the claim has been correctly applied and any balance paid to the beneficiary. Insurers may therefore be reluctant to follow this procedure.

6.3.6 The fact that this business is placed on a group-life basis is problematic because, whereas the insured may perceive the cover to be whole-life cover, the insurer perceives it as renewable term insurance. As noted above, a burial society may comprise an age cohort, which will advance in age as time passes. For such societies the distinction is particularly important. According to one informant¹²³, all offices (both licensed and illegal) are selling monthly cover products, which means that value is not accumulating. Policyholders think they have value in their policies and are reluctant to switch, even if they are being overcharged, and even if their undertakers have no assets to cover their perceived value. The insurers use this subterfuge to evade the establishment of proper reserves. This results in increasing premiums as policyholders get older, which in turn results in high lapse rates. Clearly, the valutors are at fault for not taking cognisance of policyholders' reasonable expectations in their pricing and valuation of these policies.¹²⁴

6.4 ILLEGAL INSURERS

6.4.1 C Shone, managing director of a licensed funeral insurer and undertaker,¹²⁵ reports that, initially, insurers in this business wrote individual business only. Then they started writing compulsory group schemes on a yearly renewable basis. The policyholders were bona fide groups such as the employees of a particular employer or the members of a burial society or church. Then they started writing voluntary group schemes. Individual members of the group could decide whether to participate. Premiums could be increased or the policy could be cancelled, typically on 30 days' notice. Then undertakers started illegally writing this business without registering as insurers. The undertaker either underwrites the whole policy or acts as agent for a voluntary group scheme underwritten by a registered insurer and underwrites part of the risk. There are about 200 undertakers in the Western Cape. Most are carrying a book, either on a

renewable term assurance or on a non-cancellable whole-life basis. In general they force the insured to have a funeral without the option of a cash basis (which is also illegal in terms of the Insurance Act), and they spend the full policy value on the funeral.

6.4.2 Shone argues that much of this business is overpriced. He alleges that some undertakers are double-insuring the worst lives without informing the policyholder and pocketing the claims when deaths occur. No information is given to the policyholder as to which insurer is underwriting the policy, and neither insurer knows that this is happening. The insurers are not being taxed as insurers. Furthermore, they register for VAT, which insurers are not permitted to do. Much of the business is transacted on a cash basis, no records being kept of payments, so as to evade tax. In terms of the Insurance Act, policyholders now rank concurrently with creditors, which means that it may not be in the interests of the members to wind such schemes up.

6.4.3 An example of this type of business, conducted by an undertaker known as B3 masquerading as a burial society, was found¹²⁶ in KwaZulu-Natal during the course of the present research. It appears from that interview that:

- the flashy style of B3 is evidently attractive to young people;
- the arrangement does not constitute mutual assistance;
- by referring to (or concurring in reference to) the arrangement as a burial society and by using (or allowing the use of) such terms as ‘recruit’ and ‘join’, B3 is apparently misrepresenting (or concurring in the misrepresentation of) its operation as mutual assistance;
- B3 is acting not only as an undertaker, but also as an insurer (which would be illegal unless it owns or is loaned an insurance licence) or the agent of an insurer;
- the sum assured payable on death is at least partly withheld by B3 to pay for funeral services, which is illegal in terms of the Long-term Insurance Act;
- assuming the sum assured is not more than R10 000 (otherwise it would exceed the limit imposed on assistance business by the Long-term Insurance Act), the premium of R140 a month for group funeral cover for a 28-year old woman with one child is exorbitant;
- the interviewee nevertheless considers herself to be getting value for money, though this may be partly due to the social status associated with participation in the scheme.

6.4.4 In a follow-up interview¹²⁷ the interviewee acknowledged that B3 was expensive. In fact she had wanted to cover her mother, but it would have been too expensive to do so. A 23-year-old woman¹²⁸ with no dependants, also in KwaZulu-Natal, when informed about B3’s flashy style, expressed strong interest in joining; she did not even ask about the contributions required.

6.4.5 It is evident that undertakers like B3 are providing services that are valued by younger people. While catering for the increased demand due to AIDS, these undertakers are also apparently catering for a culture of denial. It would not be appropriate to place barriers in the way of black enterprise unless those barriers are absolutely necessary. Prospective clients judge those services by what they see, namely the funeral services themselves. What they do not see are the standards being applied in the rating of and reserving for the insurance business. It appears, however, that it is from

the insurance business that the undertakers are making most of their money. All the prospective client has to go by in judging the undertaker's soundness as an insurer is the fact that it has not yet failed. That is not an adequate basis of judgement. The insurance business does need to be subject to adequate regulation. If possible, ways should be found of supporting black enterprise in funeral undertaking while ensuring that the associated insurance business is conducted within the framework of the law.

6.4.6 In some cases, insurers are tied to an undertaker. It is alleged that this generally leads to illegal or exploitative practices. Even an underwriter who is licensed to conduct funeral insurance cannot monitor what its administrators are doing.¹²⁹

6.4.7 One informant cited an instance of an operator in KwaZulu-Natal who offered a burial society benefits of R7 000 per member or adult dependant for a joining fee of R150 and a monthly premium of R36. There were 2 500 members. When the first death occurred, the operator was untraceable.¹³⁰

6.4.8 That informant confirms that many undertakers are underwriting funeral benefits. In some cases this is being done by means of a loan of insurance licence from a registered insurer. This is not illegal, but it is often actuarially unsound, as the funeral parlours' administration is not satisfactory and the insurers are unable to monitor the business adequately. In other cases it is illegal.

6.5 ADMINISTRATORS

6.5.1 In some cases, an administrator persuades the members of a burial society to pay their contributions to him or her instead of to the society itself. This seems to be leading to the breakdown of mutual societies and the substitution of direct financial relationships of the members with the administrators.¹³¹

6.5.2 In other cases, administrators are reporting burial societies (which are formally illegal as they are conducting insurance business without a licence) to the Financial Services Board (FSB) and requiring the FSB to insist that such societies either close down or operate through registered insurers. The administrators' intention is then to act as intermediaries between the members of the burial society and a registered insurer in return for commission from the insurer (which may be up to 50% of the premiums). In addition, some administrators are running a 'double book'. They divide the membership into good and bad mortality risks. They obtain a quotation from an insurer for a premium rate based on the bad risks, which they then place with the insurer. But they charge all the members of the society the same rate. They carry the good risks (which constitutes illegal insurance business). If they encounter bad experience, they merely shut up shop and start again somewhere else. Some administrators are also operating funeral services, which may run Mafia-style operations, meeting competition with death-threats. In response to these practices, the FSB has been ignoring demands from administrators to compel mutual societies either to insure or to shut down. The FSB recognises that, besides the provision of funeral cover, mutual societies provide valuable services to their members, and that they constitute important social institutions in their own right.¹³²

6.6 THE ROLE OF INSURERS IN THE BURIAL SOCIETY MOVEMENT

6.6.1 In the light of the above discussion it is questionable whether insurers are adding value to the burial society movement. Asked whether the sale of funeral products had changed societies in any way, one informant¹³³ said he thought it had. Members were better able to decide what cover they needed in the light of what they could afford. Members tended to have more cover as a result of the policies than they would otherwise have had. His perception was that the policies had 'strengthened unity' within societies and had encouraged them to save more.

6.6.2 One actuary argues that all burial societies, particularly the smaller ones, should place their death risks with an insurer, even though he admits that self-insurance is becoming more feasible because of higher mortality due to AIDS. He argued that the credibility of burial societies would be 'destroyed' if they were to 'default'.¹³⁴

6.6.3 Similarly, Hartwig (2000: 22) states:

There is an awareness among burial societies that they could very easily be under-funded and over-exposed. This offers an obvious entry point for a life assurer, which can secure the group against this risk. A life office could provide services in the form of actuarial assessment of risk exposure, offering group funeral cover, and providing advice and security. Further, the life assurer could ... target the group with other products such as education plans and investment plans.

6.6.4 These arguments are informed by an interpretation of the burial society as a financial institution. There may be some burial society members who are concerned about the possible failure of their societies. But in practice, as discussed above, it appears that most funded burial societies would convert to collecting societies if they were to become insolvent. Reciprocity could then be continued without default. It is only when burial societies fail to pay benefits that their credibility is destroyed.

6.6.5 For large burial societies with generous benefits, the problems relating to high premiums are reduced because of the advantages of scale. Furthermore, for such societies, solvency is more important than for small societies because, since members do not know each other, the burden of trusteeship is greater. For such societies, therefore, insurers may have a role to play. But in order to justify such a role, insurers need to limit commission to intermediaries, ensure that members know the terms of the policy and how much of their contribution is being paid to the insurer and how much to intermediaries, and recognise members' reasonable benefit expectations. For small burial societies it may be impossible to write business that is profitable without being exploitative.

6.6.6 Thus, while insurance clearly offers benefits to 'traditional' benefit societies, there are risks attached to that route, which need to be weighed up by such societies. Hybrid burial societies may find themselves unable to change insurers or intermediaries, and the only way in which 'members' of commercial 'burial societies' could make such a change would be to join a different burial society; this would tend to exacerbate the problems for such societies.

6.6.7 By definition, 'traditional' burial societies do not reinsure their risks, whereas hybrid societies do. As discussed above, this business is often exploitative or at best cost-ineffective. However, it must be recognised that many members willingly join

hybrid burial societies and are apparently satisfied with the services provided by insurers.

6.6.8 Hartwig (2000: 20–1) argues that ‘any interaction [between formal financial institutions and burial societies] must be of benefit to both parties.’ However, given their divergence in interests, it appears that, without stricter regulation of insurers in general and policing of illegal insurers in particular, that is an unattainable goal.

7. CONCLUSIONS

7.1 It is clear that burial societies play a vital role in meeting the needs of their members.

7.2 The most fundamental risk faced by a burial society is failure of the reciprocity on which its operation depends. Other risks, which may contribute to that fundamental risk, or which may otherwise affect burial societies, include the misuse of burial societies’ moneys, administrative inefficiency, adverse mortality experience, fraudulent claims, investment risks, high funeral costs and problems with commercial service-providers.

7.3 The socio-cultural dimensions of burial societies fulfil certain needs in themselves. In doing so they foster the development of stability and of shared norms and values. They also fulfil the function of developing trust, and in particular the establishment of reasonable expectations of generalised reciprocity. The value of those expectations reflects the capacity of the burial society movement to manage its risks.

7.4 The risk-management procedures adopted by ‘traditional’ burial societies depend heavily on the development of trust. This may be achieved by establishing bounds of trust, and monitoring those bounds by means of agreed procedures. This is particularly evident in the procedures relating to accounting, underwriting, non-payment of contributions and claims management. A range of sanctions may be applied for the transgression of these bounds, thus ensuring their observance. The continued observance of the bounds of trust serves to strengthen that trust.

7.5 There have, of course, been many failures of trust, whether because of failure to establish the bounds of trust or because of failure to monitor or enforce them. But such failures—whether from direct experience or from hearsay—tend to encourage the development of procedures for the strengthening of the bounds of trust.

7.6 The risk of misuse of burial societies’ moneys is addressed by their accounting procedures. The risk of administrative inefficiency is addressed by their accounting and claims management procedures. Mortality risks are addressed by procedures with regard to underwriting, benefit design and risk rating. In some cases reinsurance and pooling arrangements may also serve to mitigate mortality risks. However, it appears that burial societies are not generally taking any action to deal with AIDS or to consider its possible effects on their funding requirements. Risks relating to the non-payment of contributions,

to fraudulent claims and to investments are addressed by procedures specific to those risks. Risks relating to the cost of funerals are addressed by the procedures relating to benefit design and funeral standards.

7.7 The organisation of the burial society movement may be expected to improve the ability of burial societies to negotiate with undertakers, banks, insurers and government. It may also contribute towards the development of skills and the dissemination of knowledge that will be useful in the further development of their risk-management procedures. There is clearly a need for a review of the legal framework within which burial societies and funeral insurers operate. Such a review is beyond the scope of this paper.

7.8 While there may be benefits to burial societies in insuring their benefits with commercial insurers, there are problems in doing so, particularly with regard to premiums and benefit design. These problems are compounded by the activities of intermediaries and illegal insurers.

NOTES

- 1 Interview 3
- 2 Interview 21
- 3 Interview 19
- 4 Interview 11
- 5 Interview 3
- 6 Interview 20
- 7 Interview 2
- 8 Interview 19
- 9 Interview 21
- 10 Interview 6
- 11 Interview 19
- 12 Interview 21
- 13 Interview 21
- 14 Interview 21
- 15 Interview 3
- 16 Interview 8
- 17 interview 13
- 18 Interview 10
- 19 Interview 12
- 20 RJT, interview P Botha, 17/10/2000
- 21 Regulation R.237 by government notice no. 9582 dated 8 February 1985 in terms of the Health Act, 1977 (Act 63 of 1977)
- 22 RJT, interview P Botha, 17/10/2000

- 23 RJT, interviews P Botha, 17/10/2000; J Bourne, 23/10/2000
- 24 Interview 13
- 25 Interview 13
- 26 RJT, interview B Piazza-Georgi, 13/3/2000
- 27 Interview 9
- 28 Interview 2
- 29 Interview 13
- 30 Interview 11
- 31 Interview 19
- 32 Interview 3
- 33 Interview 11
- 34 Interview 4
- 35 Interview 9
- 36 Interview 8
- 37 Interview 9
- 38 Interview 10
- 39 Interview 9
- 40 Interview 13
- 41 Interview 16
- 42 Interview 6
- 43 Interview 3
- 44 Interview 16
- 45 Interview 10
- 46 Interview 3
- 47 Interview 2
- 48 The authors are indebted to anonymous referees for these observations.
- 49 Interview 13
- 50 Interview 9
- 51 Interview 20
- 52 Interview 10
- 53 Interview 7
- 54 Interview 21
- 55 Interview 21
- 56 Interview 2
- 57 Interview 12
- 58 Interview 20
- 59 Interview 19
- 60 Interview 2
- 61 Interview 7
- 62 Interview 1
- 63 Interview 3
- 64 Interview 4
- 65 Interview 6

- 66 Interview 6
- 67 RJT, interview W Neale, 19/5/2000
- 68 Interview 4
- 69 Interview 2
- 70 Interview 3
- 71 Interview 2
- 72 Interview 4
- 73 Interviews 6, 7 and 11
- 74 Interview 19
- 75 Interview 2
- 76 Interview 6
- 77 Interview 4
- 78 Interview 3
- 79 Interview 19
- 80 Interview 2
- 81 Interview 21
- 82 Interview 16
- 83 Interview 13
- 84 Interview 21
- 85 Interview 13
- 86 Interview 4
- 87 Interview 1
- 88 Interview 21
- 89 Interview 2
- 90 Interview 7
- 91 Interview 10
- 92 Interview 4
- 93 Interview 21
- 94 Interview 9
- 95 Interview 20
- 96 Interview 21
- 97 Interview 19
- 98 Interview 4
- 99 Interview 3
- 100 Interview 11
- 101 Interview 5
- 102 Interview 16
- 103 Interview 21
- 104 Interview 17
- 105 Interview 17
- 106 Interview 11
- 107 Interview 21
- 108 Interview 4

- 109 Agreement between XB Funerals and Ndzonga Burial Society dated 9 October 1994
 110 Interview 1
 111 RJT, interview P Botha, 17/10/2000
 112 Interview 10
 113 RJT, interview P Botha, 17/10/2000
 114 Interview 6
 115 Interview 20
 116 Interview 13
 117 Government notice R1492 in Government Gazette 19495 of 27 November, 1998
 118 RJT & DP, interview J Hertz, 12/9/2000
 119 Interview 11
 120 RJT & DP, interview J Hertz, 12/9/2000
 121 RJT, interview W Neale, 19/6/2000
 122 Interview 19
 123 RJT, interview C Shone, 1/9/2000
 124 RJT, correspondence with H McLaren, 20/8/2000
 125 RJT, interview C Shone, 1/9/2000 and supporting documents subsequently furnished
 126 Interview 15
 127 Interview 18
 128 Interview 17
 129 RJT & DP, interview J Hertz, 12/9/2000
 130 RJT, interview P Botha, 17/10/2000
 131 RJT, interview W Neale, 19/6/2000
 132 RJT, interview W Neale, 19/6/2000
 133 RJT, interview L Mtshali, 6/9/2000
 134 RJT & DP, interview J Hertz, 12/9/2000

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