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THE JANUS FACE OF INSURANCE IN SOUTH AFRICA: FROM COSTS TO RISK, FROM NETWORKS TO BUREAUCRACIES

Erik Bähre

An anthropology of value that fails to address prices is unsatisfactory, and so are studies of risk and reflexive categories that don't take into account the composition, levels, conditions, and consequences of price. (Guyer 2009: 219)

INSURING SOUTH AFRICA'S POOR

South Africa is a society in which people, particularly the urban poor, are forced to deal with tremendous risks. AIDS is spreading at an alarming rate and some estimates are that almost 30 per cent of the population is HIV-positive.¹ Particularly the poor and lower middle classes have to live with the danger of being robbed, murdered, assaulted or raped. South Africa has the world's highest murder, homicide and assault rates, as well as the highest rate of reported rapes (see Bähre 2007).² For residents of townships in urban areas such as Cape Town the police are simply unavailable.³ AIDS, violence and loss of income affect many people: household members look after the diseased, income is lost, debts accumulate due to funeral costs, and people are traumatized by illness and death of loved ones (*ibid.*). For these reasons, risk mitigation through insurance can be of great benefit, while it is simultaneously very difficult to develop or maintain.

During apartheid, insurance companies sold policies in such a way that Africans were rarely included. The policies of these companies were not based on explicitly racial considerations, yet their marketing strategies usually excluded Africans and coloureds (Bähre 2011). With the end of apartheid, but particularly since about 2000, alternative forms of dealing with risk became widely available to those working as domestic workers, security guards, or lower-ranking civil servants. South African insurance companies, such as Sanlam, Old Mutual, Metropolitan, Liberty Life, ABSA, and Hollard, are expanding their business to include the African population, predominantly its poor and lower-middle-class

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¹Based on antenatal testing by the end of 2004, 29.5 per cent of the population is already HIV-positive. On the reliability of these statistics, see <<http://www.avert.org/safricstats.htm>>, accessed 21 October 2011.

²See <<http://www.nationmaster.com>>, accessed 21 October 2011. Colombia rates first with 'intentional murders'. South Africa ranks first on all the other kinds of murders and homicides.

³In at least one residential area of Cape Town the police force even closed its office because it was destroyed and plundered time and again. It moved into a shipping container and police personnel left the area during the night.

families. Consolidating all these efforts, the Financial Sector Charter on Black Economic Empowerment came into effect in 2004. The charter was established two years earlier by the National Economic Development and Labour Council (NEDLAC) and set out to increase the proportion of 'non-whites' in senior positions, to support the establishment of black-owned small and medium enterprises, and to make it easier for the poor to access financial services (FSC 2002).⁴

South Africa has a strong insurance industry. In 2004, the penetration of the insurance industry was estimated at 14.5 per cent of GDP, which was very high compared with many other developing countries such as Indonesia (1.19 per cent) and India (0.62 per cent). It is, in relative terms, higher even than the United States (5.23 per cent).⁵ However, expenditure is distributed unequally among the population. By the end of January 2006, the Life Offices Association (LOA) released a press release on the provision of life insurance products for people earning up to R3,000. 'The LOA's target for 2014 is to increase penetration to 180 per cent of current levels (i.e. to 3.8 million policies), which is no easy task when taking into account the large number of policies that are typically terminated each year.'⁶

A survey that I developed and which was carried out among 110 residents of Indawo Yoxolo and Tembani, two African townships in Cape Town, revealed that only 25 per cent of the respondents had no insurance, while some had as many as nine policies. Of the respondents, 63 per cent had at least one funeral insurance policy, which made funeral insurance more common than burial societies. Unemployment insurance (UIF) was held by 44 per cent; 27 per cent had medical aid; 26 per cent a pension fund; and 24 per cent a mortgage that included an insurance policy.⁷ Respondent income was one of the strongest determinants for having a policy.⁸ Almost all (96 per cent) of those who earned more than R4,000 per month had at least one or were covered by a partner's policy. But even poor respondents often had policies: 41 per cent of those with

⁴See <http://www.treasury.gov.za/comm_media/press/2003/2003101701.pdf>, accessed June 2010. For a fascinating account of the moral dynamics of expanding insurance in the nineteenth-century United States, see Zelizer (1978).

⁵The South African figure is taken from insurance report Q4 2004, as provided by Business Monitor International, Mermaid House, London, p. 3. Figures quoted for other countries follow a study of expenditures on non-life insurance in 2003 by the Insurance Information Institute, <http://marginalrevolution.com/marginalrevolution/2005/02/insurance_fact_.html>, accessed 21 October 2011.

⁶Press release, LOA, 27 January 2006. On the rise of insurance in South Africa, see Porteous (2005); the 2004 Financial Sector Charter on Black Economic Empowerment, <<http://www.atns.net.au/agreement.asp?EntityID=4500>>, accessed 21 October 2011; and the Financial Services Charter (FSC 2002). International examples in microfinance can be found at the microfinance gateway website, while in 2005 the World Bank established the Micro Insurance Agency. In 2006 the Dutch Ministry of Development Cooperation donated €100 million to the Health Insurance Fund that provides health insurance to poor and unemployed Nigerians.

⁷Other policies were the provident fund (16 per cent), education policies (8 per cent), car insurances (8 per cent), disability policies (5 per cent), the insurance of loan instalments on furniture (4 per cent), and investment funds (4 per cent).

⁸Kendall's tau_b 0.503, correlation significant at the 0.01 level, N = 110.

incomes under R1,000—at the time about £90 and considerably less than a cleaner’s wage—had at least one.⁹

The provision of insurance to relatively poor Africans is part of a broader paradigm shift from financial businesses that tended to neglect the poor to those which today are expected to make profit and contribute to the well-being of poor clients. Prahalad’s *Fortune at the Bottom of the Pyramid* (2004) is one of the most influential propagators of this agenda. Globalizing companies, Prahalad argues, can decrease poverty and support sustainable development by being creative and exploring new markets.

This shift is part of broader neo-liberal expectations of economic growth and prosperity (see Comaroff and Comaroff 2001; Hull and James in this volume; Hart and Hann 2009), and insurance is no exception. Neo-liberalism and globalization are envisioned as the drivers of prosperity and well-being, an optimism that several ethnographic studies have questioned (see Elyachar 2002; Hull and James in this volume), and which has drawn increasingly sharp criticism following the 2007 global financial crisis.¹⁰

This study examines the consequences of the rapid and unprecedented expansion of insurances to the poor in South Africa; of the establishment of a new regime of risk mitigation (see also Beck 1992; Baker and Simon 2002; de Goede 2004; Douglas 1994; Ericson and Doyle 2004; Ewald 1991; 2002; Livingston 2009). How does the relationship between insurance companies and their new clients living in the townships of Cape Town emerge? What organizational and social dynamics are part of the day-to-day interactions between the companies and these clients?

Janus, the two-faced Roman god of gates and doors, of opening and closing, captures the contradictory experiences of insurance by brokers, intermediary organizations, and clients. These ambiguities are most evident in the way social networks are used to procure access—albeit unevenly; in experiences with Kafkaesque bureaucratic procedures; and in people’s difficulties in overcoming the contradictions caused by the translation of risks into the seemingly neutral category of operational costs.

BROKERS

South African insurance companies are constantly trying to find ways to cut costs, make insurance more affordable for the poor, and ensure the sustainability of their business. All major South African insurers have established specific departments to intensify their marketing to the poor and the lower middle classes. Some companies have opened up offices in the African and coloured townships and hired local brokers from these areas. They visit people at their

⁹In 2003 FinScope stated that almost nobody earning below R1,000 a month has a policy. Because the study on which the FinScope data are based is unavailable, even though the study was publicly funded by the UK Department for International Development (DfID), the reason for this vast discrepancy remains unclear. FinScope is a FinMark trust initiative and carries out surveys among consumers and small business owners: <www.finscope.co.za>.

¹⁰For recent studies on the impact of insurance on livelihoods in Africa, see Dekker and Wilms (2010), Dercon (2008), Leliveld (1997).

homes, approach them at taxi ranks and train stations, and give presentations at schools, police stations, medical centres, and even military bases. The broker, typically male, sets up his overhead projector or posters in the staff room and explains to the staff which products he is selling and what the benefits are. Predominant among these are funeral policies, endowment plans, retirement annuities, and an insurance that covers the cost of schooling for children or grandchildren. Such presentations, having been unknown until recently, now occur on a regular and frequent basis: several schoolteachers told me, for example, that there was an insurance broker presenting at their school about once a month.

Insurance companies had previously sold policies to relatively wealthy clients, but once policies started to be sold to African and predominantly poor clients, new challenges emerged. Companies had to find ways to cut operational costs and make insurance affordable to the poor and profitable to the company. One way of doing this was to limit the costs caused by the brokers' income. By and large, this was based on commission from the products they sold. Typically, the broker's commission was 85 per cent of the annual premium, a lump sum given immediately after the policy was sold. Poverty-stricken Africans living in Cape Town's townships were much more vulnerable to a wide range of risks and adversities and as a result they were more likely to discontinue their insurance policies. This meant that the insurance company, after having paid the broker his fee for selling its product, did not receive much money from the client.

Clients cancelled policies they could no longer afford, but also policies that they had never really wanted in the first place, but had been pressurized into buying because of their social connections to the sellers. An insurance client living in Khayelitsha told me that she found it difficult to turn down a broker because she knew him personally: 'I met the broker through church and he came to see me. I bought a policy that I did not really need so I cancelled it after a few months.' Some clients purposefully provided false banking details, or gave details of an account that was no longer used. In this way they made sure that, while not 'saying no' to the broker, they also evaded buying the policy. Such practices worsened the broker's financial position, and also increased the insurer's operational costs.

In order to limit these costs, insurance companies reviewed their commission system in 2005. Too many policies were being cancelled, administration costs of small policies were high, and these costs were in turn being transferred to brokers. The outcome of this review was a decision to spread the commission over a longer period, sometimes several years. The broker's fee thus came to depend on how long the client continued paying the insurance premium.

This put brokers' income under pressure. One broker told me that in order to make a living he lied to prospective clients about the policies he sold, about the risks that the policies covered, and the conditions for making claims. An illiterate client living in IndawoYoxolo had experienced the consequences of the pressure that brokers experienced and that they often transferred to their prospective clients: 'I thought I had bought a comprehensive health policy. The broker told me that an ambulance would pick me up at home, even when I had a simple cough. But when I was sick it turned out that I had bought a funeral policy.'

High risks of unemployment, risks of contracting life-threatening diseases such as HIV and TB, the financial burden of having to take care of destitute kin, and

the high incidence of violence in the townships of Cape Town caused poor clients to cancel their policies. The poor pay more, a problem that is not limited to the costs of credit and debt, as Caplovitz (1967) showed more than forty years ago. The result is that operational costs, in this case the payments made to brokers, were a factor of the risks of clients. These were not risks that related directly to the matter for which insurance was sought, but were nonetheless fundamental to the provision of insurance.

Bantu's experience as a broker revealed the Janus-faced character of translating risks into costs. He told me how he had been lured into selling policies. At the time Bantu was living in East London where he was employed as a hotel manager, when a recruiter from an insurance company convinced him to work for them as a broker. He told Bantu that he could earn R12,000 a month, a distinct improvement on his current salary of R5,000, and buy himself a good car. Tired of his job, and attracted by the prospects of becoming a broker, he resigned from the hotel and signed a contract with the insurance company. The contract stipulated that Bantu would receive five months' training. During the first three months, while in full-time training, he would receive a salary of R5,000. The next month he was to start selling policies and to earn an income based on commissions. Given his inexperience, however, he continued to receive a salary, which was R2,500 in the fourth month and R1,500 in the fifth month. From then on his income completely depended on commissions. The contract forced Bantu to work for the insurer for at least a year. If he cancelled his job before the year was over he would be forced to repay the R19,000 that he had received in the first five months of the contract. Bantu was told that this clause had been inserted to prevent brokers from switching to a competitor after the insurer had invested in his skills.

Having completed the full-time training period, Bantu attended a company barbecue, which provided him with his first opportunity to meet other sales representatives in the region. This encounter caused him to wonder whether his future would be as rosy as he had been told. Given the high salary that he was expecting to earn, he awaited the sight of luxury cars in the driveway, but was surprised to see old, even rusty ones. Even the car of the top salesman of the region was modest, not much better than the one Bantu owned at the time. His impressions were confirmed when he started selling policies. It became clear that he would not be able to make R12,000 a month. Instead, his salary was no more than R5,000, about the same as he had earned as a hotel manager. Some of his colleagues earned more, some up to R12,000 a month, but most earned far less. This caused Bantu anxiety and stress during the weekly meetings with management.

We would meet and the manager would show [on the board] how many policies everyone had sold, and the top salesman would be praised and treated as a role model. But during these meetings it also became clear that some colleagues had not sold a single policy. I really felt sorry for them as they had no income. Sometimes a colleague would come to me and ask me: 'Can you please lend me some money?' You know they have a family to feed and no income, but you are also hesitant to give money. Are you ever going to get it back?

Although some of Bantu's colleagues were earning no commission, they were unable to leave and look for another job, as they would have had to

repay R19,000. The costs that insurance companies tried to limit were translated into financial risk for the brokers, who ended up doing unpaid labour for the insurance company.

Not only were commissions much lower than Bantu had expected, but his new job meant that he was burdened by all kinds of other expenses. He had to pay for his own car and petrol, as well as his mobile phone calls. The costs for small gifts for his clients, such as pens and T-shirts with the insurance company's logo, or a takeaway meal from Kentucky Fried Chicken for people who attended his sales meetings, were also borne by him. To cover these expenses, the branch had a separate account, to which the brokers were expected to contribute. In theory such contributions were voluntary but in practice they were obligatory because of pressure from management, and because the broker's contribution to the fund was automatically deducted from his salary.

These kinds of financial risks and pressures, however, were not the only drawbacks. A further strain of his job was the intensifying tensions in his social network. He, like other brokers I interviewed, complained vehemently about the unexpected social pressures that his job brought about. He was forced to mobilize his social network aggressively to make a living. He visited his neighbours in East London, sold policies to members of his church, and – to the same end – attended as many funerals as he could. Visibly feeling embarrassed about trying to sell policies at funeral services, Bantu confided: 'I would sit down with the bereaved and the neighbours and say things such as: "Is it not terribly sad to die and leave your family with nothing except the worry about how to pay for the funeral? A funeral insurance really takes this burden away from you."' Then I would hand them a brochure and try to meet them again later.'

In return, Bantu was asked to do all kinds of favours for his clients: 'You know how our people are. They think you are making a lot of money on them and that you take advantage. Therefore you have to help them, otherwise your reputation goes down the drain.' He received phone calls from clients asking favours such as: 'Could you take my child to school, I don't have money for transport'; 'Could you come and pick me up and take me to the shop in town – I need to buy some groceries?' Half his day he spent driving people around and helping them with financial problems, such as difficulties with bank accounts or insurance companies. Most of the time these had nothing to do with his work. But if he refused to help, he felt that his neighbours and clients would start to gossip about him, making it very difficult to sell policies. He told me that he was growing tired of these requests.

Towards the end of the one-year contract, his car broke down. He had no money to fix it, became less mobile and sold fewer policies. After exactly a year, not a day longer, he resigned from his job, although he had found no other employment. He was desperate to get out of the insurance industry and not much later he left his home town, East London, and moved to Cape Town, where he hoped that employment opportunities would be better. He was somewhat relieved to leave behind his neighbours, friends, fellow church members and former clients. Bantu had built up a reputation as a financial expert and this had become a burden. People continued to ask him for help in sorting out financial problems; expected him to write letters or make phone calls to financial organizations; and even wanted Bantu to accompany them when visiting a bank or insurance company. He had become their financial expert and general dogsbody, and they

did not accept his argument that he was no longer working for the insurance company.

Once in Cape Town, Bantu started a small church that had its services in the living room of his small shack in Indawo Yoxolo. It did not require capital to start the church, and running it revealed Bantu's excellent social skills and organizational talent, as well as his ability to collect money under very different circumstances.¹¹ I met Bantu again a year later and by then he had found a job working as the manager of a large canteen at a training institute. He enjoyed his job, earned a decent salary, was making plans to marry his new girlfriend, and was certain he would never work again for the insurance industry.

Some of the actuaries and others working in the insurance industry were aware of brokers' tendency sometimes to be dishonest about the policies they sold, and knew that it was easy to withhold information or lie about policy conditions to people with little formal education. In their attempts to make money, insurance representatives sometimes became very pushy, and the fear among people in the industry was that such incidents would ultimately give it a bad reputation. The Ombudsman for Long-Term Insurance expressed his concern about mis-selling. The vulnerable income of brokers was the outcome of the measures that insurance companies had put in place in order to limit operational costs and make these new insurance products affordable and profitable. These measures limited the risks for insurance companies by transferring them to the brokers. While considering the possibility of the reputational damage to the industry, the underlying problem of the vulnerable income situation that the commission system posed to brokers, particularly when they were selling policies to Africans, was never addressed.

Brokers can be skilled and successful 'translators' between bureaucracies and the diverging social worlds and people that they embody, between the politics of the state and the economy of markets (see James 2011; Maurer 1999). But the insurance brokers working in the townships of Cape Town were less than successful in the mobilization of their resources and networks. The brokers' position appeared to be closer to the frustrations that French civil servants experienced when, as Bourdieu (1999; 2002) revealed, they were confronted with the contradictions of the left hand of the state (the provision of care) and its right hand (disciplining forces): 'They [low-ranking civil servants] experience the contradictions of a state whose right hand no longer knows, or worse, no longer wants to know what the left hand is doing, contradictions that take the form of increasingly painful "double constraints"' (Bourdieu 2002: 183).

Brokers were caught between the contradictions imposed on them once risks became redefined as costs, once social networks became difficult to mobilize successfully, and once they themselves experienced problems in managing the complex bureaucracies of insurance companies.

INTERMEDIARY GROUPS

It is a global practice for insurance companies to rely on employers, unions, and other intermediaries that are part of the world of formal and enduring

¹¹The parallel between some churches and insurance companies, both being redistributive arrangements, is examined in greater detail in Bähre (2011).

employment. When selling policies to relatively poor people *without* formal or steady employment, insurance companies sought alternatives. To limit operational costs and 'anti-selection risks' (Thomson and Posel 2002), South African insurance companies cooperated with other organizations and intermediary groups and relied on group schemes. Here, the Janus-faced character of commercial insurance was again apparent.

Interviews with actuaries and others working in the insurance industry, as well as with residents of Indawo Yoxolo and Tembani, revealed that insurance companies were interested in working with a wide range of organizations such as churches, funeral undertakers, burial societies, soccer fan clubs and singing groups. Insurance agents also encouraged residents to establish their own insurance group, in the hope that access to their services would be enhanced.

A successful attempt often evoked by insurers was the cooperation between the insurance company African Life (which today is owned by SANLAM) and the Zion Christian Church (ZCC). The ZCC is probably South Africa's largest church, with 1,100 congregations across the country. It has a strong leadership and a focus on the boundaries between insiders and outsiders, which are marked by dress and other social conventions (see Kiernan 1974). Members are not allowed to speak with outsiders about the church and are required to follow a strong disciplinary regime with regards to clothing, abstention from alcohol, and participation in meetings and other church events.

For a long time, ZCC branches had their own burial societies. These, however, had limitations. If a ZCC member moved to another congregation in South Africa, often in search of employment, he or she had to start anew with the burial society of the new branch. This was inconvenient for members. Rules differed between branches, and joining a new branch required that one observe its 'waiting period': claims could be submitted only after premiums had been paid for half a year. Moreover, some ZCC branches had no burial society at all, while others had burial societies that functioned poorly. For these reasons, a new national funeral scheme for all the ZCC members appeared to offer considerable benefits to members, while also strengthening hierarchies in this centrally led church.¹²

This national funeral scheme was established in 1989, in partnership with African Life, for members of the congregation only. Over the years, this initiative led to the development of the Kganya Group, a company that was responsible for running the scheme and taking care of administration and payments. It soon started selling other insurance policies. A wide range of additional financial services was developed for ZCC members, such as the Kganya Card Account, a First National Bank account exclusive to ZCC members.¹³

In 2006, the committee of the ZCC branch collected a monthly premium of R23 which was deposited into the company's account. The ZCC branches took care of the bookkeeping and helped organizing wakes and funeral services. A ZCC minister (who explicitly requested that I guaranteed his anonymity

¹²On financialization and hierarchy, see Elyachar 2002, Hull and James in this issue, and more general anthropological debates on audit cultures (Strathern 2000).

¹³For more information on the Kganya Group see <www.kganya.co.za>, and on the bank account see <www.fnb.co.za/FNB/content/personal/banking/transmission/kganyaCard.scm1>, both accessed July 2009.

because the Bishop's personal approval was required for any interview) told me that they assisted members of the congregation with submitting claims: they helped to fill in forms and took them to the Kganya office, and mediated when benefits led to family conflicts. The minister was very pleased with the funeral scheme and felt that cooperation with Kganya had proved very successful.

The scheme also had a discretionary fund. Given that people sometimes missed payments, for example after prolonged illness or hospitalization, and as a result were unable to make a formal claim on the insurance, the discretionary fund allowed the ZCC to contribute financially to funerals for which the insurance had been rendered invalid.

The ZCC became a model that guided others within the insurance industry on how to deliver insurance to the African poor. ZCC members voluntarily carried out many administrative and organizational tasks which limited the insurer's administrative costs. At the same time the ZCC offered assistance when members submitted claims, which meant a further alleviation of administrative responsibilities. This type of cooperation has been documented elsewhere. Alexander's (2009) analysis of Britain's 'third sector', for example, reveals how the state has increasingly relied on voluntary labour to carry out its core responsibilities, in the process also attempting to gain control over the population.¹⁴

But even despite this successful and highly praised cooperation between the insurance industry and the ZCC, the operational costs were high. The founder of this insurance scheme explained to me that the cost of administration still exceeded the risk premium by 3 to 1. Its administrative burden was three times greater than the total sum paid out to clients who had made a claim on the insurance scheme.

More often, people told me how cooperation with the insurance company led to a wide range of problems. A clear case of the consequences of becoming an intermediary for insurance companies was presented to me by Shumikazi, who ran a small undertaking business from her living room in Cape Town's Gugulethu township. Her father had started the funeral business and when he died a few years ago she and her husband took it over. Shumikazi had not been involved before in the daily running of the business but she quickly found out that her father had incurred considerable debts. Clients had normally paid her father after the funeral, but some families failed to pay or paid only a part of the amount that was due. Shumikazi and her husband paid the outstanding debt to their suppliers. For fear of a further deterioration in their financial situation, they started a burial society with a more personalized mode of operation. Every month, Shumikazi went door-to-door to collect premiums from members. Up-front payments ensured a steady and more reliable income than her father had been able to secure.

During interviews in Shumikazi's living room, she explained to me that, in around 2004, insurance companies had started to show an interest in the family business. Quite suddenly, sales representatives started to visit her regularly and asked her to work with them. They promised her that she could make more profit by sending them the burial society premiums that she was collecting. The couple

¹⁴See also Ferguson's (2005) analysis of state-like business, and Ewald's (2002) thought-provoking view on the development of the precautionary principle in insurance.

were hesitant, she told me, and it was only after several offers from a wide range of companies that they decided to work in cooperation with a Johannesburg-based insurance company. From then on, she deposited the burial society premiums into the insurance company's account and whenever a member of the burial society or one of his or her dependants died, she submitted a claim. Believing that her clients would not trust the insurer, Shumikazi remained secretive about the arrangement. Perhaps a further motivation for her silence about the cooperation was that she wanted to remain in control of the business, not wishing to disclose to members how much money the insurance company was paying her. Shumikazi was not a registered financial services provider or intermediary, which made the arrangement with the insurance company illegal. She seemed to be unaware of this. As is frequently the case in the world of finance at large, degrees of legality were irrelevant to day-to-day practice.

Problems occurred a few weeks prior to the interviews I had with Shumikazi. She had received a letter from the insurance company which stated that she had submitted too many claims. A few months earlier, Shumikazi had indeed organized several funerals. Some of the burial society members were of advanced age. In addition, incidence of road accidents, violence, and diseases such as TB and HIV was high in Guguletu. In the letter, the insurer did not question the legitimacy of the claims but stated that their corresponding expenses had forced them to revise the contract. From then onwards Shumikazi would be required to pay 50 per cent more premium per month. If she failed to comply, the insurance company would cancel the contract. Shumikazi was very upset: 'How am I going to explain to people that they have to pay one and a half times as much? How am I going to raise this money? Nobody even knows that I work together with an insurance company.' In the area where she had lived for thirty years, she was suddenly faced with unforeseen financial pressures that threatened the family business and her reputation.

Expansion of business to the poor can be a win-win situation, as Prahalad (2004) argues, though these forms of financialization simultaneously lead to hierarchies that are reminiscent of audit culture and patronage (Elyachar 2002; Hull and James this volume; Strathern 2000). But mutual advantage of this kind cannot be taken for granted. The case of Shumikazi revealed the Janus-faced character of the expansion of insurance, suggesting that it can threaten, as well as benefit from, mutuality among neighbours.¹⁵ Indeed, as Douglas stated in her analysis of risk: 'liberation from the small community also means losing the old protections. The markets suck us (willingly) out of our cozy, dull, local niches and turn us into unencumbered actors, mobile in a world system, but setting us free they leave us exposed. We feel vulnerable' (1994: 15). We have seen that this vulnerability extends further: many of the risks that were part of this new financial endeavour were *not* covered by the 'market' (the insurance company). Instead, they were passed back to the 'local niche' of the intermediary organization, which was ill-placed to withstand them.

¹⁵See also Zelizer (1978) on the rise of insurance in the nineteenth-century USA and Bähre (2011).

BUREAUCRACIES OF EXCLUSION

It was not only the brokers and intermediary organizations, but also clients, who were caught up in organizational and operational incongruencies. The vocabulary of 'providing access' to the poor that is salient in development circles fails to take essential power inequalities into consideration. The Janus-faced character of insurance for the poor was apparent in the amalgamation of networks and bureaucracies that clients were facing. The social relations on which insurance companies drew in order to gain access to clients were often unusable by clients to gain access to the security that they expected from the insurance company. Brokers and other intermediaries were frequently unable to help clients with their claims to the insurance company. Organizations like the ZCC, and Shumikaze's funeral business, provided some assistance in submitting claims, but many clients that I interviewed felt frustrated about their inability to get help. Instead of turning to the social networks through which they bought their policies, clients were driven to turn to bureaucracies and procedures. They had to fill in complex forms, often in a language that they had not mastered; and were required to call a toll-free number which necessitated their speaking to employees in a language – and register – with which they were unfamiliar.

The inability of clients to draw on social networks for help and their frustrating experiences with bureaucracies became particularly evident when I met Joyce. Joyce was in her late thirties and had, for thirteen years, been teaching English to classes of up to seventy students at a secondary school near Nyanga, a township in Cape Town.

Joyce's key problem arose out of her affair with a married man who lived in her neighbourhood. It became clear that his wife had found out about their affair when she received a text message that said: 'Tell HIM to stop. It is not good for HIM'. Joyce ignored the message but a few days later there were three men hanging around her house. One day the men attacked her when she was being picked up by a colleague. Joyce got in the back of her colleague's car and when they were about to drive away, the three men walked up to the car. One of them took out a gun, pointed it at her and shot her through the car window. He shot several bullets which hit Joyce in her face, chest, arm, and leg. As her colleague drove away, the men continued shooting at the car, puncturing the tyre. Driving on the flat tyre, and carrying the badly wounded Joyce, they arrived at the nearby police station from where Joyce was taken to Groote Schuur Hospital.

Joyce was hospitalized for two months but she never fully recovered. I first met her four years after the shooting and she was still suffering from the incident, both mentally and physically. Due to her fractured leg she limped heavily and was unable to walk for a prolonged period. Another bullet had gone through her jaw and tongue and become embedded in her cheek. As a result, her jaw was dislocated and some of her teeth were knocked out. It was necessary for her jaw to be mended with metal pins which, four years later, had yet to be removed. These injuries caused problems for Joyce when chewing, and when talking. Holding a discussion with her in a quiet environment was possible, but she was unable to talk at a greater volume because of the damage that the bullet had done to her jaw, teeth, and tongue.

In addition to recollecting these horrific events during our discussion, Joyce also showed me her correspondence with the police, lawyers, her work, and

particularly with insurance companies. This revealed that she had been forced to stop working as her injuries had made it impossible for her to teach up to seventy noisy children. She was medically 'boarded', which meant that she was released from work due to her poor health, and instead of receiving a salary her income was reduced to a small disability grant provided by the government.

Joyce was certain that the incident had not, in fact, been a car hijacking, but that her attackers had been sent by her lover's wife. Proof of this was that they had not pointed the gun at her colleague behind the steering wheel. She stayed with her mother in Langa and sold her house, after which she bought her own place, close to her mother's. Her children, having heard her scream as the incident had occurred right in front of her house, are still very worried when Joyce goes out. Joyce sold her car and is afraid to sit in one. The police investigation into the case was very disappointing. The police lost her statement, the bullets and any other evidence or documents that related to her case, and eventually they closed it. She suspects that the police were hiding something and that it was her attackers who had ensured that all the evidence was lost. In an attempt to obtain a prosecution, Joyce wrote a letter to the Minister of Justice, explaining that her file and evidence had been lost and that therefore the criminals would escape punishment. The Ministry responded that her case was still under investigation, even though there was nothing left on which to base such an investigation. No further action was taken, which frustrated Joyce tremendously.

Joyce became distressed, in particular, when she talked about her problems with the insurance. The pins in her jaw still needed to be removed and she had expected that her health insurance would pay for this. After the shooting, however, her medical doctor had advised her to cancel this policy and replace it with one from a different insurance company, since it would not cover surgery on her jaw and teeth, which it classified as 'plastic surgery for beauty enhancement' (cosmetic surgery). She had followed his advice and taken out a health policy for a monthly premium of R800, but later she found out that the policy covered operations only after a waiting period of a year or longer. To compound matters, she discovered that, due to a change in policy conditions, the policy she had earlier cancelled actually *would have* covered the operation. Moreover, the previous policy would have made it possible for her to pick up the prescribed medication at the pharmacy, and for the pharmacy to bill the insurance company. Her new insurance policy, in contrast, often fails to pay the pharmacy or pays only after prolonged delays. The pharmacy is no longer willing to bill the insurance company and instead demands a cash payment from Joyce. Joyce is forced to get the money from her insurance company, which is a big financial burden and risk to her.

Joyce also had life and disability insurance, and after the shooting she submitted a claim. As she was unable to work and because she was receiving a disability grant from the government, she felt she was entitled to financial support from her insurance. The insurance company wrote back to her that in order to process her claim, she needed two statements from her doctors. The surgeon who operated on her after the shooting stated clearly that Joyce was in pain, that her tongue and teeth were damaged, that her jaw needed to be fixed with metal pins and therefore lacked mobility, and that her leg was badly injured. But her claim was not granted by the company. It argued that, since the policy only covered permanent disability, they needed to establish whether her disability was

permanent. They would be able to evaluate this only after the pins were removed from her jaw. But this operation was not possible. Joyce could not afford it and her new health insurance would not cover it.

She went to a lawyer who lived in Langa and he wrote several letters to the insurance company objecting against their decision. After a prolonged correspondence, the insurance company proposed that Joyce's medical condition would be assessed by a speech therapist. They had provided the speech therapist's contact details but stated that Joyce had to pay for the assessment herself.

Joyce was relieved about this development. She felt positive about the assessment, she explained to me, as the speech therapist was very understanding and kind to her. In the speech therapist's report to the insurance company, she wrote that Joyce 'claims to be in pain but cannot assess this', and that Joyce had trouble speaking loudly, but that she was unable to identify any other problem. The assessment did not refer to the context of Joyce's work, or mention that she had been medically boarded, that she was on heavy pain medication and that she was receiving a disability grant from the government. The insurance company replied that, based on the speech therapist's assessment, they found that Joyce was fit to work and that her claim would not be granted. During our conversation it became clear that Joyce had not realized that the speech therapist's assessment was negative, and she was shocked. Puzzled that she had written such a negative report, Joyce then became convinced that the speech therapist was racist.

Over the years, Joyce's financial situation became desperate, and in order to supplement her income she made a claim on her retirement annuity. This policy matured when Joyce turned fifty-five, and from then onwards she was entitled to R285 per month, but she could not wait that long. She submitted a claim and the insurance company requested a police statement. Joyce went to the police who wrote a brief report, which she sent to the insurance company. They denied her claim based on the very brief police statement. The police report was indeed very brief and contained hardly any details of the shooting, which was a result of their having lost all the documents and other evidence. Again, her lawyer objected and they finally responded that she was entitled to R1,330. Joyce told me that the insurance company never paid her that amount and that R13,000 had been deducted from her retirement annuity.

Joyce was angry and went to the insurance company's head office, which was not too far from where she lived. Joyce explained her situation to the woman behind the counter, who told Joyce that she would sort out the problem. The employee asked Joyce for her policy papers so she could solve the problem, and said that she would contact her within two weeks. Two weeks later, Joyce had still not had a response from the insurance company and she decided to call them on their national phone number. The woman at the call centre told Joyce that they did have a record of Joyce's visit: their records stated that she had visited them in order to cancel the policy, so she no longer had a policy. Having never intended to cancel the policy, Joyce was furious and felt very powerless. Further enquiries from the insurance company led nowhere. Joyce finally wrote a letter to the Ombudsman for Long-Term Insurance. The Ombudsman ruled against her and the letter stated that the insurance company was entitled to withdraw R13,000 from her benefits. Joyce was convinced that the Ombudsman was not neutral and had taken the side of the insurance company.

Joyce was well-educated, proficient in English, and very persistent, but even for her it was not possible to submit a claim successfully. Even with all the documentation that Joyce showed me it was hard to find out what exactly had happened to the money, or whether or not the claims were correct. But the insurance company that had sold Joyce a disability policy certainly appeared to be acting in bad faith when medical reports written by a surgeon were ignored in favour of the report written by a speech therapist of their choice. Even though Joyce had been formally employed for thirteen years, her insurance policies failed to provide the risk mitigation that she expected.

Clients like Joyce were unable to draw on social relations for the successful submission of claims, and instead were faced with complex and opaque bureaucratic procedures that led to Kafkaesque situations (cf. Herzfeld 1992). The Ombudsman for Long-Term Insurance alluded to the unsympathetic reputation of insurance in his speech to the Life Offices Association (Nienaber 2005: section 13):

Now, one thing you can say about insurers and their marketing material: they convey an impression of help and assistance, of the milk of human kindness flowing freely toward all mankind, especially potential policyholders. But I rather suspect, judging by the stories we get, that beneath that benevolent façade, also beats a heart of stone.

Yet even ombudsman organizations were heavily bureaucratized and difficult to access. The South African Financial Services Ombudsman only accepted complaints that were written in English. Another ombudsman organization accepted only complaints that were submitted online through their website. Especially for those not proficient in English or who did not have access to the internet it was very difficult to do this. Indeed, most clients living in the townships of Cape Town were unaware of the Ombudsman's existence. Ombudsman organizations did not seem to be keen to open new cases as they are already heavily burdened (Nienaber and Preiss 2006), very probably with cases from relatively wealthy and literate clients. As Handelmann points out: 'The most elementary premise of bureaucratic epistemology is that of taxonomy. . . . Thus bureaucracies are ways of making, ordering, and knowing social worlds' (1995: 280). It is evident that the taxonomy of risks and its bureaucratic procedures bore little resemblance to the risks and adversities that had such a profound impact on Joyce's life.

CONCLUSION: THE JANUS HEAD OF INSURANCE

Elyachar (2002: 498) reveals how community-based microfinance projects in Egypt function as low-cost arrangements that enforce financial discipline:

the championing of networks supposedly well outside of the state may also have unintended impacts inside the state. . . . Increased opportunities for networking external to the formal rules of economy or politics are likely to then generate more charges of corruption, thus reinforcing the whole cycle that fuels antidevelopment once again. But with the state increasingly informalized, networks of survival in the informal economy may not be there to play the role cast for them in the microinformality agenda. (Elyachar 2002: 512)

Alexander (2009) recognized a similar problem in Britain's recycling world, where the state increasingly relied on voluntary labour to carry out pivotal responsibilities. 'Outsourcing' to the third sector causes communities to wither. Alternatively, the state assumes communities where they barely exist. The third sector becomes 'little more than an instrument of the state, providing "public" services of welfare and environmental concern while internalizing risks of operation' (Alexander 2009: 221).

South African insurance companies, too, rely on community relations in order to improve social security arrangements and limit their operational costs. Social networks have become crucial for the selling of insurances while bureaucracies remain at the core of processing claims. Janus, the two-faced Roman god of gates and doors, opening and closing, is a suitable metaphor to describe the dynamics of social relations and bureaucracies in the insurance market.

Guyer (2009: 215) asks: 'What is "risk" as a transacted "thing"? From whom and to whom is it transferred?' Contrary to expectations, brokers were unable to navigate successfully between the insurance world and the communities of which they were expected to be part. Instead of being skilful manipulators of ambiguities and constraints, brokers and intermediaries risked ending up in a predicament. Their income was not nearly as good as expected; they were forced into mobilizing their social networks fairly aggressively and consequently risked reputational damage; they had little choice but to comply with a whole array of time-consuming and expensive social expectations, and often were not able to assist their clients with their claims.

The inability to 'translate' between diverging economic realms becomes particularly salient when one examines what is defined as risk and costs. What insurance companies refer to as operational costs were deeply entangled with the risks that clients and brokers were exposed to, and insurance companies transferred some of these back to their clients. Insurers' costs were high because poor clients were able only to afford small policies that they frequently cancelled. The insurance companies' strategies to limit costs increased the risks for brokers and intermediaries, or caused clients to get lost in Kafkaesque bureaucracies. The Janus face was experienced through hierarchies within social networks that often made access a one-way stream; in the tensions between social networks through which insurance policies were sold and the bureaucracies through which claims had to be submitted; and in the problematic way in which risks were converted into the seemingly neutral category of costs. Is it possible that, especially in a country with the highest levels of inequality in the world, insurance might inadvertently turn into a cause of inequality instead of a solution to it?

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ABSTRACT

This study examines the consequences of the rapid and unprecedented expansion of insurances for the poor in South Africa. Over the last ten years, South African

insurance companies established a myriad of policies in order to incorporate the previously excluded, mostly African, poor and lower middle classes. While poverty, violence and AIDS put state institutions and social relations under pressure, insurances enable people to manage risks in hitherto unthinkable ways. The article examines the development of this new regime of risk as a Janus head, after the Roman god of opening and closing. At the heart of access to insurance were the incongruencies that were caused by the 'translation' of risk into the seemingly neutral concept of costs and the inability of brokers and intermediary organizations to navigate these translations successfully. Access to insurance – here not defined as having an insurance policy but as making a successful claim when confronted with the insured risk – was fraught with the contradictions of complex high-tech bureaucracies and the poor's social networks.

RÉSUMÉ

Cette étude examine les conséquences de l'essor rapide sans précédent des assurances pour les pauvres en Afrique du Sud. Au cours des dix dernières années, les compagnies d'assurance sud-africaines ont introduit moult polices pour inclure les classes moyennes inférieures et les classes défavorisées, principalement africaines, jusqu'alors exclues. Alors que la pauvreté, la violence et le SIDA mettent à rude épreuve les institutions d'État et les relations sociales, les assurances permettent aux particuliers de gérer les risques de manières diverses jusqu'alors impensables. L'article examine l'essor de ce nouveau régime de risque à la façon d'une tête de Janus (dieu romain de l'ouverture et de la fermeture). Au cœur de l'accès à l'assurance figuraient les incongruités causées par la « traduction » du risque en notion de coûts, en apparence neutre, et l'incapacité des courtiers et organisations intermédiaires à manier ces traductions de façon satisfaisante. L'accès à l'assurance, qui n'est pas défini ici comme le fait de posséder une police d'assurance mais d'obtenir une suite favorable à une demande d'indemnité lorsque l'assuré est confronté au risque assuré, était pétri des contradictions liées aux administrations complexes versées dans les hautes technologies et aux réseaux sociaux des pauvres.