

2nd Annual Burial Society Indaba gives hope, structure to industry

Burial Societies from across South Africa gathered at the second annual INSETA Burial Society Indaba in Johannesburg recently. The event highlighted important facts regarding the state of the sector, and gave those present a chance to engage with government and key industry role-players around the future of the industry.

“Four point one million adults in South Africa belong to a burial society; with such a high number, the influence and role they play is phenomenal, but in order to capitalise on it properly, the societies, which are largely informal insurance bodies, need a strategic plan for which to move into the future,” said CEO of INSETA, Sandra Dunn.

The issue that came under closest scrutiny during the two-day event was the new legislation currently being developed for the micro-insurance industry, and the implications that this would have on burial societies and their position as informal bodies. The indaba discussed the establishment of a framework to regulate the burial society industry, while at the same time, exploring new opportunities for growth and skills development within a more organised structure.

Keynote speaker at the Indaba, Elizabeth Thabethe, Deputy Minister of the Department of Trade and Industry, said that institutions such as burial societies continue to play a significant role in ensuring that members have direct access to and control over financial resources in times of need.

“Burial societies are one of the tools that have ensured that the collective spirit of our communities continue to thrive. In this day and age we must begin to probe the possibility of making burial societies and stokvels vehicles of economic emancipation,” she said.

For this reason, she said that while regulations must be developed for the industry, they must be done in a way that recognised the uniqueness of these spontaneous organisations.

“The regulations are not being developed to try to remove the benefits that burial societies offer to their members, but to rather remove the unscrupulous elements,” agreed Dunn. “The Burial Society sector operates largely at the periphery of the mainstream financial services sector, and this unregulated space leaves customers vulnerable to poor service, or even unfair pricing and practice. This is also why we urge these societies to register as co-operatives, which offer more freedom of operation, while still formalising their actions, and so allowing strategy to inform action. We believe both the players within the industry and the public will benefit from the establishment of a proper working framework.”

A commission was formed at the event to discuss the proposed micro-insurance act, and the legislation contained within this.

Burial societies are concerned that the upcoming legislation fails to take into account important information that they are privy to, for example the actual death rate demographics and division of funds required for a burial society to function. Considering this, the fact that the framework is still a work in progress, news to many present, was welcomed.

Outcomes of the commission debate will be presented to the national treasury to help inform the legislation. In addition, burial society networks such as the Burial Societies of South Africa (BUSOSA) or South African Federation of Burial Societies (SAFOBS) will collect information from burial societies registered as co-operatives, to feed into the legislation-making process in the coming months.

The intended outcome – says Dunn – is a better, stronger industry that will benefit both burial societies, government and ordinary citizens.

“The importance of this sector must not be underestimated. Burial societies represent a significant spend with members prioritising 15% of their income towards this financial product. The interaction and synergy between traditional burial society cover and more formal financial products creates significant opportunities and challenges, which must be explored,” said Dunn.

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