

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

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'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)

INTRODUCTION: INSURING SOUTH AFRICA'S POOR

South Africa is a society with tremendous risks, particularly for the urban poor. AIDS is spreading at an alarming rate and some estimates are that almost 30% 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.²³ (see Bähre 2007a). For residents of urban areas such as Cape Town the police are simply unavailable.⁴ 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 traumatised by illness and death of loved ones (see also Bähre 2007). 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 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) partners 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).⁵

South Africa has a strong insurance industry. In 2004, the penetration of the insurance industry was estimated at 14,5% of GDP, which was very high compared with many other developing countries such as Indonesia (1,19%) and India (0,62%), It is, in relative terms, higher even than, but also compared to, the United States (5,23%).⁶ 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 R3000. “The LOA’s target for 2014 is to increase penetration to 180% 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”.⁷

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 percent of the respondents had no insurance, while some had as many as nine policies. Of the respondents, 63 percent had at least one funeral insurance policy, which made funeral insurance more common than burial societies. Unemployment insurance (UIF) was held by 44 percent, 27 percent had medical aid, 26 percent a pension fund; and 24 percent a mortgage that included an insurance policy.⁸ Respondent income was one of the strongest determinants for having a policy.⁹ Almost all (96 percent) 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 percent of those with incomes under R1,000— at the time about £90 and considerably less than a cleaner's wage—had at least one.¹⁰

The provision of insurance to relatively poor Africans is part of a broader paradigmatic shift from financial businesses that tended to neglect the poor but today are expected to make profit *and* contribute to the wellbeing of poor clients. Prahalad's (2004) 'Fortune at the Bottom of the Pyramid' is one of the most influential publications that sets out this agenda. Globalising companies, Prahalad argues, can decrease poverty and support sustainable development when they are creative enough to successfully explore new markets.

This paradigmatic shift is part of broader neoliberal expectations for economic growth and prosperity (see Comaroff and Comaroff 2001, James and Hull in this volume, Hart and Hann 2009), and insurance is no exception. Neoliberalism and globalisation are envisioned as the drivers of prosperity and wellbeing, an optimism that several

ethnographic studies have questioned (see Elyachar 2002, James and Hull in this volume) and which is increasingly criticized following the 2007 global financial crisis.¹¹

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 its new clients living in the townships of Cape Town emerge? What organisational and social dynamics are part of the day-to-day interactions between insurance companies and their clients?

The Janus head, the two faced roman god of gates and doors, of opening and closing, captures the contradictory experiences of insurance by brokers, intermediary organisations, 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 lower middle classes. Some companies opened up offices in the African and Coloured townships and hired local brokers from these areas. They visit

people at their homes, approach them at taxi ranks and train stations, give presentations at schools, police stations and medical centres, and even on 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 who only sporadically terminated their policies, but once policies were sold to African and predominantly poor clients, new challenges emerged. They 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% 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 their 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 which they 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.¹²

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 too and this made the brokers’ fees too high. The outcome of this review was to spread the commission over a longer period, sometimes several years. The brokers’ 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 on 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 head character of translating risks into costs. He told me how he had been lured into selling policies. Bantu used to live 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, when he would be in full-time training, he would receive a salary of R5,000. The next month he started selling policies and earned an income based on commissions. Given his inexperience, however, he still received 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 canceled 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 invested in his skills.

Having completed the full-time training period, Bantu attended a barbeque which the company organized for them, 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 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 became very painful 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 became also 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, 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 that attended his sales meetings, were similarly borne by him. For this purpose, the branch had a separate account to cover these expenses. The brokers had to contribute to this fund, which in theory was voluntary but in practice 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, 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. Bantu complained vehemently about the unexpected social pressures that his job brought about. He was forced aggressively to mobilize his social network to make a living. He visited his neighbours in East London, sold policies to members of his church, and – to the same ends - 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 time, 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 with 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 even 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 with 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 it revealed Bantu's excellent social skills and organizational talent, as well as his ability to collect money under very different circumstances.¹³ I met Bantu again a year later and by then he had found a job working as the manger of a large canteen of a

training institute. He enjoyed his job, earned a decent salary, made plans to marry his new girlfriend, and was certain to never work again for the insurance industry.

Some of the actuaries and others working in the insurance industry were aware that brokers would sometimes be dishonest about the policies they sold and 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 misselling. 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 onto the brokers. While considering the possibility of the reputational damage for 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 not so 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 the right hand of the state (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 posed on them once risks became redefined as costs, once social networks could not be mobilized successfully and brokers could not manage 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 employment. When selling policies to relatively poor people *without* formal or steady employment, insurance companies had to find alternatives. To limit operational costs, South African insurance companies cooperated with other organisations and intermediary groups and relied on group schemes, also to limit anti-selection risks (Thomson and Posel 2002). Here, the Janus head of commercial insurance was also 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, 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 1100 congregations across the country. It has 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 have to follow a strong disciplinary regime with regards to clothing, alcohol, and participation in meetings and other church events.

For a long time, ZCC branches had their own burial societies but these had their 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 because rules were different and burial societies usually had a waiting period: claims could only be submitted after premiums were paid for half a year. Moreover, some ZCC branches did not have a burial society at all while others had burial societies that were poorly functioning. For these reasons, a new national funeral scheme for all the ZCC members could be beneficial to members, while also appearing to strengthen hierarchies in this centrally led church.¹⁴

This national funeral scheme was established in 1989, together 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, taking care of administration and payments, and which also started selling other insurance policies. They developed a wide range of additional financial services for ZCC

members, such as the Kganya Card Account, a First National Bank account which is exclusive for ZCC members.¹⁵

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

The scheme also had a discretionary fund. Sometimes people missed payments, for example after prolonged illness or hospitalization and as a result they could not make a claim on the insurance. The discretionary fund allowed the ZCC to financially contribute to funerals not covered by the insurance.

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 does not stand on its own. Alexander's (2009) analysis of Britain's Third Sector, for example revealed how the state increasingly relied on voluntary labour for carrying out its core responsibilities and thus also attempted to gain control over the population.¹⁶

But even despite this successful and highly praised cooperation between the insurance industry and the ZCC, it nonetheless suffered from high operational costs. 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 that of the expenses that were made by payments 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 funeral business from her home in Cape Town's township Gugulethu. Shumikazi ran a small undertaking business from her living room. Her father had started the funeral business and when he died a few years ago she and her husband took over the business. Shumikazi had not been involved before in the daily running of the business but she quickly found out that her father had made big debts. Clients typically paid her father after the funeral but some families never paid or only paid a part of the amount that was due. Shumikazi and her husband paid the outstanding debt they had with suppliers and started a burial society for fear of a deterioration in their financial situation. Every month, Shumikazi went door-to-door to collect premiums. Because of the burial society members actually paid up front and the burial society ensured a steady clientele.

During interviews in Shumikazi's living room, Shumikazi 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 the premiums

that she collected with the burial society to the insurance company. Shumikazi told me that she was hesitant and it was only after several offers from a wide range of companies that they started to work with a Johannesburg based insurance company. From then on, she deposited the burial society into the insurance company's account and whenever a member of the burial society or one of his or her dependents died, she submitted a claim. Believing that her clients would not trust the insurer, Shumikazi told neither them nor the members of the burial society about this. 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 paid her. Shumikazi was not a registered financial services provider or intermediary, which made the arrangement with the insurance company illegal. Shumikazi did not seem to be aware of this because, 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 quite old and incidences of road accidents, violence, and diseases such as TB and HIV were quite 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 had to pay 50% more premium per month and if she did not 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?” She was suddenly faced with unforeseen financial pressures that threatened the family business and her reputation in the area where she lived for thirty years.

Expansion of business to the poor can be a win-win situation as Prahalad (2004) argues, though these forms of financialisation simultaneously lead to hierarchies that are reminiscent of audit culture and patronage (Elyachar 2002, James and Hull this issue, Strathern 2000). But the win-win situation cannot be taken for granted. The case of Shumikazi revealed the Janus faced character of the expansion of insurance suggests that insurance can threaten mutuality among neighbours.¹⁷ 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). Not all of the risks that were part of this new financial endeavor were covered by the insurance company as some were passed back to intermediary organizations.

BUREAUCRACIES OF EXCLUSION

Not only the brokers and intermediary organizations, but also clients could be 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 also apparent in the amalgamation of networks and bureaucracies that clients were facing. The social relations that insurance companies drew on in order to gain access to clients could often

not be used by clients to gain access to the security that they expected from the insurance company. This Janus head of social capital meant that brokers and other intermediaries were often not able to help clients with their claims to the insurance company. Organisations like the ZCC, but also Shumikaze's funeral business, did help clients with submitting claims but many clients that I interviewed felt frustrated about the inability to help get help. Instead of turning to the social networks through which they bought their policies, clients had to turn to bureaucracies and procedures. They had to fill in complex forms, often in a language that they did not master; had to call a toll-free number and spoke to employees who did not master their language.

The inability of clients to draw on social networks for help and their frustrating experiences with bureaucracies became particularly salient when I met Joyce. Joyce was in her late thirties and she had been teaching English to classes up to 70 students for 13 years at a secondary school near Nyanga, a township in Cape Town. Joyce's related to the affair she had with a married man who lived in her neighbourhood. Joyce realised that his wife found out about their affair when she received a text message that said: 'Tel 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 who had asked around where she lived. One day the men attacked her when she was 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. Joyce saw how one of them took out a gun and pointed it at her and shot her through the car window. He shot several bullets – later at the hospital they identified nine gunshot wounds which suggests that at least one of the other guys had also been shooting at her – which hit

Joyce in her face, chest, arm, and leg. Her colleague drove away and the men continued shooting at the car and punctured the tire. With the flat tire and badly wounded Joyce they arrived at the nearby police station from where they sped to the Groote Schuur Hospital.

Joyce had to be hospitalised for two months but she never fully recovered. I first met Joyce four years after the shooting and she still suffered from the incident, mentally as well as physical. 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 gut stuck on the inside of her cheek. As a result, her jaw was dislocated and some of her teeth were knocked out. Her jaw had to be fixated with metal pins to avoid further injuries which four years later still had to be removed, also because they were painful.

Even four years after the shooting, Joyce still had problems chewing. When she tried to chew, her teeth would bite into her gum, which caused a lot of pain. It was very well possible to talk with Joyce in a quiet environment but Joyce told me that she could not talk very loud because of the damage that the bullet had done to her jaw, teeth, and tongue. When Joyce explained to me what happened she often became emotional and at times she seemed to be confused about what exactly happened but in addition to recollecting the events she allowed me to look into her correspondence with the police, lawyers, her work, and particularly insurance companies. She showed me the correspondence which had added up to an impressive. Joyce had to stop working as it was impossible for her to teach up to 70 noisy kids. 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 that the government provided.

Joyce was certain that the three men were sent by her lover's wife. She did not think that it was a car hijacking because then they would have targeted her colleague behind the steering wheel and not Joyce in the backseat. Joyce was afraid that the men might make another attempt to kill her and therefore she did not dare to go back to her house anymore. After she was discharged from hospital, she moved in with her mother in Langa, sold her house and bought a new house near her mother's place. But in the new house it was also difficult for her to find peace of mind. Joyce was still too scared to sit in a car and therefore sold her own car. Her children, who had been inside the house, had heard the gunshots and their mother's scream and they still became anxious whenever Joyce wanted to leave the house.

The police started an investigation into the shooting but that did not lead anywhere. The police lost her statement, the bullets, and other evidence and documents. For this reason they closed the case. Joyce suspected that her attackers had good relations with the police and that this was the reason why everything was lost. Joyce did not want to accept this and therefore she wrote a letter to the Minister of Justice. She explained that the police had told her that they had lost her file as well as other evidence that related to her case and that she was worried that the criminals would therefore escape prosecution. The ministry replied that her case was still under investigation, even though there was nothing left to base such investigation on, and no further action was taken, which frustrated Joyce tremendously.

Joyce was visibly emotional when she talked about the problems that she had with her insurances. The pins in her jaw still had to be removed and her health insurance would pay for this. However, her medical doctor had advised her to discontinue that

policy and instead take out a policy with another insurance company. He had explained to her that the insurance that she had did not cover the operation on her jaw and teeth. The policy classified this operation as 'plastic surgery for beauty enhancement', in other words as cosmetic surgery. Joyce followed his advice, cancelled her health insurance, and took out another health insurance that cost her R800,- a month. But after she took out the policy, it became clear that they would not immediately allow her to have the operation. When Joyce switched, She was not aware that she had to wait before the insurance would cover the operation. After she cancelled her first health policy it changed its policy conditions which meant that she would have been entitled to the surgery. Moreover, Joyce's new health insurance often failed to pay the pharmacy that she went to. The pharmacy eventually refused to bill the insurance company directly and Joyce had to pay for her medication in cash. Joyce had to submit the claims herself, which was a financial burden and a risk as she was never sure if the insurance company would reimburse her.

Joyce also submitted a claim with the life and disability insurance that she had. As she was unable to work and because she received 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 her after the shooting took place clearly wrote that Joyce was in pain, that her tongue and teeth are damaged, that her jaw had to be fixed with metal pins and therefore lacks mobility, and that her leg was badly injured. The response to Joyce was that her claim was not granted. They argued that they needed to establish if her disability was permanent as the policy only covered permanent disability. They could only evaluate this after the pins were removed from her jaw. But this

operation was not possible. Joyce could not afford it and her new health insurance did not yet pay for it either.

She went to a lawyer who also 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 also stated that Joyce had to pay for the assessment herself.

Joyce was relieved and the assessment, she explained to me, was very good as the speech therapist was very understanding and kind to her. Joyce showed me the report that the speech therapist had sent to her and to the insurance company. The speech therapist wrote that Joyce 'claims to be in pain but cannot assess this'. The report stated that Joyce had troubles speaking loudly but that she could not identify any other problem. The assessment did not refer to the context of Joyce's work, did not mention that Joyce was medically boarded, that she was on heavy pain medication, and that she received a disability grant from the government. The insurance company replied that, based on the speech therapist assessment, they found that Joyce was fit to work and that her claim could not be granted. During our conversation it became clear that Joyce had not realised that the speech therapist's assessment was negative and she was shocked. Joyce was convinced that the speech therapist was racist and was puzzled that she wrote such a negative report.

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 55 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 them having lost all the documents and other evidence. Again, her lawyer objected and they finally responded that she was entitled to R1330,-. Joyce told me that the insurance company never paid her that amount and that her retirement annuity had been deducted with R13.000.

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 told Joyce that she would sort out the problem. The employee asked Joyce for her policy papers so she could solve the problem and 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 Joyce did not have a policy anymore. Joyce was furious and felt very powerless, she never intended to cancel the policy. Contact with the insurance company did not lead to anything and 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 therefore took 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 happened with the money or whether or not the claims were correct. One does however get the impression that insurance companies sometimes acted in bad faith, especially when a surgeon's medical report was ignored in favour of the report by a speech therapist of their choice. Even though Joyce had been formally employed for 13 years, her insurance policies failed to provide the risk mitigation that she expected.

Clients like Joyce could not draw on the social relations for the successful submission of claims and were instead 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 for 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 ombudsman organizations were also heavily bureaucratized and difficult to access. The South African Financial Services Ombudsman only accepted complaints that were written in English. Another ombudsman organization only accepted complaints that were submitted online through their website. Especially for those who did not have a good

command of English or who did not have access to internet it was very difficult to do this. Most clients living in the townships of Cape Town were not aware that there was something like an Ombudsman for financial matters. Ombudsman organizations did not seem to be too eager to get even more cases as they were already burdened with cases (Nienaber and Preiss 2006), very likely from relatively wealthy and literate clients. Handelman (1995: 280) pointed out: 'The most elementary premise of bureaucratic epistemology is that of taxonomy ... Thus bureaucracies are ways of making, ordering, and knowing social worlds.' It is evident that the taxonomy of risks and its bureaucratic procedures lead to symbolic violence, that this taxonomy bears 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 Pinkertons" 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 problematic in Britain's recycling world where the state increasingly relied on voluntary labour for carrying out pivotal responsibilities. Due to 'outsourcing' to the third sector communities tend to wither, turn them in instrument of the state, or the state assumed communities where they barely existed., and turn them into an instrument of the state. 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, relied on community relations in order to improve social security arrangements and limit their operational costs. Social networks had become crucial for the selling of insurances while bureaucracies remained 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) importantly asks: 'What is 'risk' as a transacted 'thing'? From whom and to whom is it transferred?' Contrary to expectations, brokers were unable to successfully navigate between the insurance world and the communities that they were expected to be part of. Instead of being skillful manipulators of ambiguities and constraints, brokers and intermediaries risked ending up in a predicament. Their income was not nearly as good as expected; they had to mobilize their social networks fairly aggressively and consequently risked reputational damage; they had 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’ 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. Insurer’s costs were high because poor client’s could only afford small policies that they frequently canceled. The insurance companies strategies to limit costs increased the risks for brokers and intermediaries, or caused clients to get lost in Kafkaesque bureaucracies (cf. Herzfeld 1992). The Janus head 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 the problematic transfer and conversion of risks that the poor were exposed to into the seemingly neutral category of costs. The result might be 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 the solution that it very well could be.

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ABSTRACT

This study examines the consequences of the rapid and unprecedented expansion of insurances for the poor in South Africa. 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 paper 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 organisations to successfully navigate these translations. 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.

¹Based on antenatal testing by the end of 2004, 29.5% of the population is already HIV positive. See <http://www.avert.org/safricastats.htm>., also on the reliability of these statistics.

² See <http://www.nationmaster.com>. Colombia rates first with ‘intentional murders’. South Africa ranks first on all the other kinds of murders and homicides.

³ See <http://www.nationmaster.com>. Colombia rates first with ‘intentional murders’. South Africa ranks first on all the other kinds of murders and homicides.

⁴ In at least one residential area of Cape Town the police even closed its offices because they were destroyed and plundered time and again. It moved its office into a shipping container and left the area during the night.

⁵ See <treasury.gov.za/press/other/2003101701.pdf>. For a fascinating account of the moral dynamics of expanding insurance in 19th century US, see Zelizer (1978).

⁶ South African figure according to the insurance report Q4 2004, business monitor international, mermaid house, London, p.3. Other countries 'According to a study by the Insurance Information Institute, expenditures on non-life insurance in 2003, <marginalrevolution.com/marginalrevolution/2005/02/insurance_fact_.html>

⁷ press 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, and the Financial Services Charter (FSC 2002). International examples in microfinance can be found at the microfinance gateway website and 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.

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

⁹ Kendall's tau_b 0,503, correlation significant at the 0.01 level, N=110.

¹⁰ FinScope of 2003 states that almost nobody earning below R1000 a month has a policy. Because the study on which the FinScope data is 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.

¹¹ For recent studies on the impact of insurance on livelihoods in Africa, see Dekker and Wilms (2010), Dercon (2008), Leliveld (1997).

¹³ The parallel between some churches and insurance companies, both being redistributive arrangements, is examined in greater detail in Bähre (2011).

¹⁴ On financialisation and hierarchy, see Elyachar 2002, James and Hull in this issue, and more general anthropological debates on audit cultures (Strathern 2000).

¹⁵ For more information on the Kganya Group see www.kganya.co.za. On the bank account see www.fnb.co.za/FNB/content/personal/banking/transmission/kganyaCard.scml.

¹⁶ See 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.

¹⁷ See also Zelizer (1978) on the rise of insurance in 19th century USA and Bähre (2011).