

# PROJECT SWAZILAND

## Management report

April 2011

Prepared for FinMark Trust by the Corporate Research Consultancy



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# EXECUTIVE SUMMARY

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## **i. Background and objectives**

Corporate Research Consultancy (CRC) was tasked by FinMark Trust to engage in exploratory research in Swaziland, to gain insight into the attitudes and perceptions regarding insurance amongst low income citizens. The research took place during March 2011.

The objectives of the study were to establish how individuals and families who earn low incomes:

- Experience risk conditions;
- What coping strategies are available to them;
- What their awareness is of insurance and how they interact with insurance;
- What decision making criteria they employ in terms of insurance; and
- What perceptions they hold of the insurance market.

## **ii. The country**

In this small absolute monarchy the king reigns supreme and citizens professed loyalty despite the obvious abundance in which their monarch lived compared to their own poverty. At the time of the research (March 2011) the first rumblings of revolt against the status quo were visible in the country. It is uncertain if this had any real impact on the research. After initial reluctance by some to speak on camera, respondents spoke openly once rapport was established with them.

## **iii. The respondents**

The respondents recruited, although not regarded as the poorest of the poor, nor middle class, did appear to struggle financially. There seemed to be few opportunities for formal work and people tend to make a living by having small informal businesses. Each person with an income supported up to six others who either lived with them or were based in rural areas where work or an income was no option. Extended families often included children of parents who passed away while in their prime as a result of Aids.

**iv. The experience of risk**

Although respondents had an acute experience of risk factors that impact on their lives, they tended to be philosophical about these, dealing with adversity as an inevitable part of life and finding ways to cope despite poverty and circumstances.

The most devastating risk is that of death in the family and the imminent funeral, followed by illness or accident that resulted in both medical expense and inability to work. Untimely the death of young parents resulted in children being orphaned and becoming the responsibility of family members whose means were already stretched. Retrenchment or loss of employment in any manner or inability to work was equally devastating. Other risks mentioned were housebreaking and theft, either at home or in a business, damage to home due to natural disasters and loss of stock due to rotting.

**v. Dealing with risk**

The financial consequences of unplanned events are dealt with through borrowing money from micro lenders or shylocks, Inhlanganos or informal savings and credit associations or family members. In desperate circumstances the community, members of parliament or the Red Cross would be approached for help. The desirability of having savings or insurance for such occasions was acknowledged, but under the circumstances mostly not possible. About half of the respondents had funeral insurance which was acknowledged as extremely helpful when family members passed away.

The role of the family and the community as sources of support is reportedly diminishing compared to the situation 10 years ago, possibly as a result of increasing poverty, numerous deaths through Aids and an inability to support others when people find it difficult to survive themselves.

Should all other forms of support fail, funerals are held within a day, coffins are made with planks purchased or wood chopped in the forest, or the deceased is left for the state to bury. An elaborate, dignified funeral at all costs therefore does not carry the same weight as in South Africa.

**vi. Informal insurance or Inhlanganos**

Being a member of an Inhlanganano is an important way of dealing with risk amongst Swazi females, but this was not found among males. These associations collect money from members on a monthly basis and the funds are then available to the members to borrow in times of need. Inhlangananos also play an implicit risk pooling role: they can be approached for loans for funerals and members of Inhlangananos support each other emotionally and in other ways in time of need and celebration. None of the respondents interviewed were members of traditional burial societies, but some mention was made that such societies existed amongst other groups - probably higher income groups. Inhlangananos may experience problems with members who default on their loans. Problems of theft or misappropriation of the collected money were also mentioned.

**vii. Shylocks and micro-lenders**

Although micro lenders do not have high credibility, they are important in providing money to families who urgently need finances to deal with risk situations. These entities charge high interest rates and demand surety and collaterals before they lend money.

**viii. Awareness of insurance**

The sample of low-income citizens of Swaziland had a relatively good knowledge of insurance and how it functions, but tended to have little experience of insurance as such. Awareness seemed to have been derived from advertisements on South African television channels (evidenced by the fact that some insurers were mentioned that do not even operate in Swaziland) or through word of mouth. Local insurance companies also did marketing campaigns at formal businesses. The only exception was funeral insurance, which was well known and subscribed to. Respondents knew and understood the concept of credit insurance well, but it is unclear if they have experience in it. Furthermore, they knew about retrenchment cover, life insurance, vehicle, household, crop and business insurance, but had no in-depth understanding of these forms of insurance.

Respondents were aware of medical aid, but the perception was that only those who work for the government or are in formal employment have access to medical aid. As is true for all short term and most long term insurance, these respondents do not have access to medical aid due to their impoverished circumstances.

**ix. Perceptions regarding insurance**

The prevailing notion is that insurance is for big businesses and people with money and 'not for us'. However, there is awareness that having access to insurance would safeguard the holder of the policy from severe suffering and hardship in times of disaster.

On the other hand, certain negative perceptions were prevalent. The cancelation of policies due to non-payment of premiums was a source of concern for respondents as they cannot afford to pay for something that does not have a tangible benefit. A positive yield on an investment is paramount. Some mistrust does also exist, possibly due to unlicensed operators who defrauded others and subsequent rumours being spread.

**x. Factors that may make insurance attractive**

A distinct need was expressed for more information on the benefits of insurance for low-income earners, how it works and details about premiums and payouts. Several respondents emphasised that benefits need to include a cash-back element to provide a sense that the customer wins in the end and not the insurance company. If medical examinations could be bypassed it would make life cover more attractive. In addition there is a need for people to feel that their needs have been met and not only those of the insurer.

**xi. Recommendations**

The research indicates that the lower income group in Swaziland, comprising people who operate on a basic survival level, might not be the appropriate target market for insurance. This group's requirements in terms of premiums and conditions are not met by insurers at present. It is recommended that the situation of middle income earners and unserved salary earners be investigated as a potential target market for

microinsurance in Swaziland. Should the lower income market be targeted, careful consideration is needed of what would be appropriate product features?

## **1. INTRODUCTION**

CRC was tasked by FinMark Trust to engage in exploratory research in Swaziland to gain insight into the attitudes and perceptions regarding insurance amongst lower income citizens. This was done as input to the broader microinsurance review project commissioned by the Swaziland Registrar of Insurance and Retirement Funds (RIRF). The demand-side research took place during March 2011.

### **1.1 Objectives**

The objectives of the study were to establish how individuals and families who earn low incomes:

- ❖ Experience risk conditions;
- ❖ What coping strategies are available to them;
- ❖ What their awareness is of insurance and how they interact with insurance;
- ❖ What decision making criteria they employ in terms of insurance; and
- ❖ What perceptions they hold of the insurance market.

### **1.2 Methodology**

In order to gain the necessary insights, different data collection approaches were followed namely, focus groups as well as ethnographic interviews with individual respondents. Three focus groups took place with eight members each. A recruiter selected the participants according to specified criteria and the focus groups were held in the homes of willing participants. Groups were moderated in Seswati, the local language in Swaziland. The groups were conducted in Manzini, Mbabane and on the outskirts of Mbabane.

Minimum requirements for focus groups were as follows:

- Respondents to have at least one insurable asset, e.g. a cell phone, household durable goods or equipment required for their business;
- In each focus group at least two participants had to own their own homes;
- All respondents in the focus groups had a low income, not the “poorest of the poor”, neither high or middle income;



- At least half of the respondents in each focus group had some form of insurance, informal or formal.

### **The groups**

Participants in the groups were mostly between 30-50 years of age. One group consisted of males only, while the other two comprised females only.

Except for two of the respondents who were unemployed at the time, all the group members worked and earned an income. Male respondents were mainly self-employed, with only one being formally employed and working in accounting. Some worked as traders, one as a carpenter and others doing whatever they can find to do.

*"I am self employed as a tuck-shop owner and I also built additional rooms at my home to get additional money from renting them out."*

*(Male, 30-50)*

*"I'm self employed working small odd jobs here and there."*

*(Male, 30-50)*

The women, on the other hand, worked primarily for others as cleaners, teachers, and crèche assistants. One was an accountant and the other a store manager. A few had their own small businesses, such as tailoring.

*"I am a teacher, in my spare time I plait people's hair."*

*(Female, 30-50)*

Most of the respondents shared their living quarters with their extended family. Brothers, sisters, parents, cousins, nieces and nephews live together. Only in a few instances did an older couple or a small family unit live without an extended family. A few singles rented a room and lived alone.

*"I have one son; I stay with my brothers and my father."*

*(Female, 30-50)*

It would appear that these families who live together support those who do not work. In general those who work support their immediate dependents, such as children or spouses. They also support other family members who do not work or who live in rural areas, and are dependent on money from those who have an income in the city.

Respondents mostly had experiences with funeral insurance while those who worked for government organisations had experiences with life insurance.

Leisure time seemed to be restricted for female respondents who spent evenings and weekends cooking and cleaning. Males enjoy watching soccer. Many of the respondents mentioned that they attended church over weekends.

The groups were conducted in Manzini, Mbabane and on the outskirts of Mbabane.



### **The individuals interviewed**

Twenty two individual interviews were conducted with both males and females, mainly over 30 years of age, with a few exceptions. These interviews took place in Mbabane, Manzini and the peri-urban and rural areas within a 50 km radius of these cities. Individuals were approached in market places or were specifically visited on the advice of others who indicated that someone had some experience relating to insurance. Those selected had some kind of small business or were employed and had some assets that could be insured.

A number of the individual interviews were traders in market places, for instance several were vegetable sellers, had tuck shops and the like. One person had a butchery, one was the owner of a small "restaurant", and another had a dressmaking business producing mainly school uniforms. One person was a hairdresser and another "did hair" informally. Those in employment included a bell boy at a hotel and a shop assistant at a furniture shop.

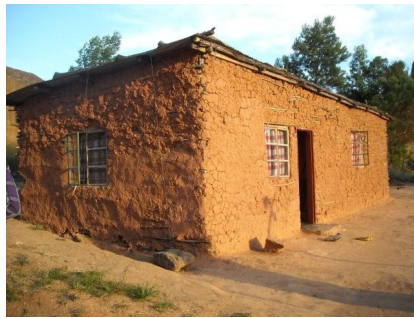
In these interviews the questions asked related to their personal living conditions, their experience of risk and how they handled it, their awareness of insurance and whether they thought insurance was applicable to them.

The conversations were audio recorded and transcribed. When given permission, these interviews were also video recorded. An edited DVD is available that contains footage of some of the interviews with English subtitles.

## 2. RESEARCH RESULTS

### 2.1 Context

The Kingdom of Swaziland is a small country with a population of less than one million people. It is for the most part surrounded by South African borders and is one of the last absolute monarchies left on earth, with King Mswati III at the reign. Unlike the royal families of Europe, the kingship is not a ceremonial role. King Mswati has supreme authority. Though the present monarch allowed citizens to vote five years ago for the first time in 30 years for the current parliament, there are no official party politics.



In general, the researchers found that people did not want to criticize the king, and that they tended to have respect for their monarch. In formalised businesses,

the picture of the king and his mother are displayed prominently to show reverence. On the other hand there tended to be regular reference to the opulence in which the king lives. Many referred to the pervasiveness of the royal interest in the economy. Some think that the king owns shares in “every single business” in Swaziland and traders asserted that when they pay rent to the local council, the councils’ income is that of the king.

It was noticeable that the citizens of Swaziland have traditionally received a good education. Participants have a good command of the English language and a broad based knowledge about a wide variety of subjects.

Despite the level of education, there appears to be a lack of skills and employment opportunities, with many having to resort to low-paying income generating activities. For example, in the market place there are many fruit and vegetable sellers, all offering the same produce.







## Poverty

The population is generally poor. From the focus groups and interviews, the impression is that people mostly struggle to survive, with many living on a meagre income. Some of the respondents indicated that their earnings, however meagre, had to support the entire family, including the extended family. The average number of people in a small residential unit was six. Newlyweds can rarely move out to be independent. In some households more than one member earned some kind of income and these families were in a better position to survive. On the whole, however, the sense of poverty and hardship was overwhelmingly visible amongst the respondents.

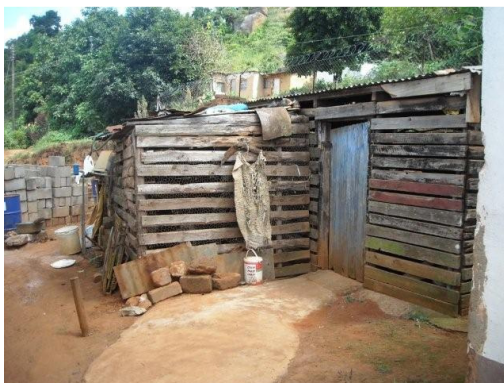
The country is currently going through a particularly tough time economically. At the time of the research, the country witnessed the beginnings of uprisings, with groups of people protesting against the prevailing conditions.

*"I stay with my grandchildren. I have 3 kids and 1 of them is disabled but she has 4 kids. I am really struggling. One of them was in form three at school and I have not been able to take her to school. I am really struggling, because I am also paying housing money and I feel that my house will be taken from me. My husband passed away about 2 years ago, he was also unemployed, it is really tough."*

*(Female, 30-50)*

*"I sell vegetables and it is just me who is working at home. I stay with my kids. I have 5 kids but I am staying with the 4 kids and the elder one doesn't live with me. There is just one who just got a part time job, He has been working for a week now."*

*(Female, trader, 30-50)*



### **HIV/AIDS entrenches poverty**

The respondents emphasised that HIV/AIDS, and particularly death as a result of AIDS, has had a severe impact on the Swazi people. It seems that numerous young parents have died due to AIDS and AIDS related illnesses. Therefore orphans abound, and grandparents, now raise their grandchildren. This has exacerbated the problem of poverty, since many who are traditionally part of the workforce have passed away, leaving an income gap, as well as their children that need to be looked after.

## **2.2 Risk experience**

### **Identified risk events**

Risk events identified by the respondents fell into three broad categories, namely those of a personal nature, risks that influence an entire community and business risks. Death and the consequent funerals were the most prominent risks identified, followed by loss of employment as a result of accidents, illness, retrenchment or any other reason.

- Personal risk events mentioned are:
  - Death
  - Property damage due to fire or natural disasters
  - Damage to crops
  - Sickness
  - Loss of employment
  - Accidents
    - Vehicle accidents
    - Falling and breaking a limb
  - Theft of property
    - Mugging
    - House robbery

The following comments by participants illustrate the nature and impact of these risks.



*"I die now. Who will take care of my kids?"*

*(Female, 30-50)*

*"Death is the most concerning as it comes at any time. Even when a person is healthy he could still die of some incident."*

*(Male, 30-50)*

*"When you are retrenched, you will get home and sleep and die."*

*(Female, 30-50)*

*"Accidents are most likely, but then so is death, sickness and theft."*

*(Male, 30-50)*

*"We also have this problem of houses falling apart due to heavy rains."*

*(Male, 30-50)*

*"They broke into my house and I was sleeping, I thought it was my husband. Then they took everything, money and cell phones, when I woke up he drew a knife, I asked him not to kill me. And that damages the brain."*

*(Female, 30-50)*

*"Accidents, if you are the breadwinner and you are involved in an accident, it becomes a disaster."*

*(Female, 30-50)*

- Two types of risk events were highlighted as a concern to the whole community:
  - Orphans as a result of the premature death of parents
  - Drought, floods and other natural disasters

*"We have to help rebuild homes destroyed by floods."*

*(Male, 30-50)*

- A number of business risks were also mentioned:
  - Stock being stolen
  - Break-ins at businesses
  - Fire
  - Failure to attract customers
  - Producing on order and not being paid
  - Fresh produce not being sold in time

*"You know, there is a security guard here, but there are still break-ins."*

*(Female, Market trader, 30-50)*

*"If I had a problem like a machine that breaks, I will have to use my kids' money to fix it."*

*(Female, Dress maker, 30-50)*

*"I specialise in crafts and curios. If I get sick it will be a big problem."*

*(Female, Curio stall holder, 30-50)*

### **Most costly events**

It was recognised that not all risk events have the same financial impact. The following risks were highlighted as the most costly eventualities:

#### **❖ Death and funerals**

In general it was felt that death and the inevitable funeral was the most costly event that could happen to a family. A death in the family means extensive expenses. The costs for keeping the corpse in the morgue, transport of the corpse and for those who attend the funeral, and providing food and accommodation for all who arrive to lend their moral support add up to a significant amount. In addition, it is usually unexpected and unplanned for, necessitating emergency plans.

*"A funeral could cost between R15 000 and R20 000."*

*(Female, 30-50)*

*"Death is the most expensive because you have to hire the mortuary, pay the transport to take the deceased there, buy a coffin etc. It will cost you no less than R5000 to R6000. The mortuary hire is too expensive and so are the coffins, called caskets. You cannot bury for less than R6000."*

*(Male, 30-50)*

*"It demands a lot and emotionally it is painful and you still have to spend a lot of money preparing for the funeral."*

*(Female, 30-50)*

*"From the time of death the expenses begin. You have to buy groceries for the people who will be coming to mourn with you and the digging of the grave costs R400; you also have to announce on radio."*

*(Male, 30-50)*

#### ❖ **Sickness and accidents**

Secondly it was agreed that sickness or accidents that lead to prolonged inability to work could be the cause of financial ruin. There are several aspects surrounding sickness that could all have severe financial implications: paying for transport to the hospital, the cost of medicine and medical fees, as well as foregone income due to the time required to get treatment and recover. The prevalence of HIV/AIDS plays a role in this. It is referred to as "the illness" and has severe repercussions for entire families.

*"I don't agree that a funeral takes a lot of money, I think sickness is more expensive. If I run around hospitals and I have to rent transport, that will be more costly, even the pills will be more expensive. I think sickness takes a lot of money because we go around trying to find help for the sick person."*

*(Female, 30-50)*

*"With sickness you have to take the person to doctors and buy expensive medication."*

*(Male, 30-50)*

*"(Being sick)..... could be a big problem as I have to go and buy stock, come back, count the stock and also sell in the shop. Another problem that comes up is that the money that I was supposed to use for stock will go to medical expenses."*

*(Male, 30-50)*

*"I have seen this lady who was forcing her way to work. She was sick and she would be brought back from work. She was the breadwinner and she forced herself to go to work so that they couldn't fire her."*

*(Female, 30-50)*

Accidents that lead to incapacity on the short or long term were emphasised as being equally devastating. As is the case with illness, accidents necessitate medical treatment, which is costly, and prevent the individual from working. Particularly when the victim is the breadwinner, an accident has severe consequences.

*"Accidents could lead to you being paralysed and that would be the end because you would not be able to work anymore."*

*(Female, 30-50)*

❖ **Loss of employment**

Not being able to work has far reaching implications. It is a dreaded situation, leading to loss of pride, hardship, a drop in lifestyle and desperation.

*"No, you will tell yourself that you will live anyhow, but you can't afford to live this lifestyle."*

*(Female, 30-50)*

It leads to stress and is even believed to be the cause of death due to the mental impact it has on the person concerned.

*“And when you look at the retrenched people, they die of stress.”*

*(Female, 30-50)*

*“Some people commit suicide”*

*(Female, 30-50)*

*“I will just lock myself in my house and wait for death.”*

*(Female, 30-50)*

❖ **Loss of house due to fire and flood**

The loss of a house is seen as a major disaster that will bring about severe hardship.

*“You have to replace everything that you have been buying over the years, your clothes and everything.”*

*(Female, 30-50)*

*“If it is your own property you have to reconstruct the house.”*

*(Female, 30-50)*

❖ **Housebreaking and theft**

Some of the business owners mentioned that housebreaking and theft could ruin them.

*“Regarding housebreaking you can lose stock of about R10 000 and you have to start all over again.”*

*(Male, 30-50)*

Some individuals also experienced housebreaking through which they lost the content of their houses, leaving them to “start over” again.

❖ **Orphaned children**

This matter was of grave concern to respondents. If a person dies, children go to family members and due to pervasive poverty these families cannot really take on the burden of yet another dependent. Death of young adults with dependent children mainly comes about due to TB, pneumonia, AIDS and accidents.

*"If I die now, who will take care of my kids? Let us say I have 10 kids. Everyone in the family will take one child and you find that all these people already have financial burdens. And lately we are dying a lot."*

*(Female, 30-50)*

*"The family will share the children."*

*(Female, 30-50)*

If there are no competent family members left to take care of the orphaned children of one who passed away, the community takes responsibility.

*"The community will take care of them, they build an orphanage structure and they contribute money and take care of the children."*

*(Female, 30-50)*

## **2.3 Current ways of dealing with unforeseen circumstances**

In Swaziland there are several ways of dealing with personal catastrophe. Funeral insurance and informal risk pooling through Inhlanganos were most often mentioned as ways of dealing with these situations. Inhlanganos can also be approached for loans for funeral expenses. The research did not identify any organisation that functions like South African burial societies, with the exclusive purpose of assisting with financial and other needs for funerals through an explicit risk pooling system based on regular *ex ante* contributions. Rather, Inhlanganos operate as savings clubs that fulfil an informal support role.

Other forms of insurance seem to have limited appeal or uptake. The researchers noted that respondents had a high level of tolerance for risk events and that their attitude towards catastrophe appears to be philosophical and fatalistic. In general they would accept difficulty as ‘part of life’ and ‘get on’ with coping to the best of their ability, even in severe circumstances. The following quotes illustrate how Swaziland residents deal with problematic conditions.

*“Life has to go on.”*

*(Female, 30-50)*

*“You just pick up the pieces.”*

*(Female, 30-50)*

*“You have to console yourself that everything happens for a reason.”*

*(Female, 30-50)*

#### ❖ **Personal savings**

Due to the severe poverty, not many of the respondents reported that they had personal savings to fall back on in case of need. By way of exception, one business owner, who sews school uniforms, indicated that she kept a savings account specifically for unforeseen circumstances.

*“Yes, I have an account in case there is an accident that I can survive.”*

*(Female, Dressmaker, Business Owner)*

❖ **Micro-lenders** (Loan Sharks or Shylocks) (Refer to section 2.3.1 for a more detailed overview). Micro-lenders or loan sharks operate in town and provide loans in times of emergencies. They are referred to as “shylocks.”

#### ❖ **Other loans**

The community, family, employers or friends are at times approached for a loan when disaster strikes. Sources apart from the family will only be approached if the family is really impoverished. The local Tinkundhla or

Member of Parliament is also sometimes approached and may lend money. However, there is a prevailing belief that the MPs, who are the local representatives of the government, will only be helpful in times of elections.

*"You can ask from the community and tell them your problem. Or you can go to your MP in your area. Sometimes the community or the MP himself will help you."*

*(Female, 30-50)*

However, it is possible that none of these approaches may result in assistance. There appears to be a culture of individual survival rather than community support in Swaziland.

❖ **Family contributions and assistance**

Assistance from immediate family members is an important way of dealing with unforeseen circumstances.

*"You are relying on the family."*

*(Female, 30-50)*

*"My family members helped; my brother bought me a bed and my sister bought me a wardrobe and my mom gave me linen."*

*(Female, 30-50)*

From the discussions it appears that the attitude of family and community has changed over the past 10 years. Previously it was the norm that people in the extended family or community would help each other in times of need. Lately, however, families seem less concerned with the well-being of others in need, and only the immediate family assist. In this respect it differs from the attitudes in South Africa where a sense of community support is strong.



*"Things have changed drastically because the economy has changed and as such people don't want to help one another like before. Even the family is no longer agreeable as before."*

*(Male, 30-50)*

In case of a funeral, there would be a meeting amongst relatives and each one who can afford it would make a contribution towards the funeral. In the past it was the custom that everybody who earned an income in the family would be summoned to a meeting and each would be told how much to contribute.

*"The whole family, including extended family, come together and contribute towards the expenses."*

*(Male, 30-50)*

*"If nobody in the family works they can sell a goat or any other animal to meet the fees."*

*(Male, 30-50)*

In addition it is common practice in rural areas not to use formal funeral directors.

*"In the rural areas they use the old system of making their own coffin and they will not take you to the mortuary. If you pass away now, they will bury you the next day and make a coffin."*

*(Female, 30-50)*

If the family cannot afford to pay for a coffin they take alternative steps. This was not perceived as a matter to be embarrassed about, but rather a practical solution for those who are unable to pay for a funeral.

*"The family will come up with an alternative plan for instance buying wood to make their own coffin to bury."*

*(Male, 30-50)*

❖ **Community assistance**

In the case of a death the community becomes involved to help the family of the deceased to a greater or lesser extent. The help provided is often not monetary, but donations of food that would have been an expense for the family is given.

*"It happens that if there is a funeral, someone will bring mealie meal and someone will bring the cabbages and so on."*

*(Female, 30-50)*

*"The community only helps when you are very poor or old, then they can contribute. They normally assist with cars."*

*(Male, 30-50)*

If a house is demolished the community can be approached for assistance. Once again the help is not monetary, but rather building material, labour, furniture etc. is given.

*"You can also ask neighbours to donate their leftover buildings materials."  
(Male, 30-50)*

❖ **Requests for public assistance via radio or television**

There is apparently a practice in Swaziland whereby individuals can make a public appeal through the local broadcasters for assistance to bury a family member. This will be resorted to if the family is desperate and cannot afford to fund the funeral privately. Though this may seem an attractive way to solicit the needed funds, it is only sometimes successful.

❖ **Paupers funeral**

If a person passes away and the body remains unclaimed, the state will provide a burial.

*"If you have died in a hospital and you have not been fetched for the whole year, then they will take you to the prisoners and they will bury you."  
(Female, 30-50)*

*"You will be buried by the government. The government keeps you for 2 months, then they bury you."  
(Female, 30-50)*

❖ **Funeral insurance** (Refer to section 2.6.3 for a more detailed overview)

For those who can afford it, having funeral insurance (sometimes called "Life" insurance) is an important way of coping with the high costs associated with funerals.

*"It becomes a lot easier if the deceased had subscribed to Dups Funeral Cover, because the expenses lessen. If not then you will have to go and borrow money from outside."  
(Male, 30-50)*

❖ **Inhlangano's** (refer to section 2.3.2 for a more detailed overview)

People with a regular income may join an Inhlangano, (called Stokvel in South Africa), and use this in time of need, provided that the need fits the purpose of the Inhlangano. These structures have different purposes and internal rules, depending on the members.

❖ **National assistance and the Red Cross**

It was mentioned that, in times of natural disaster, the government may set up a task force to assist. However, not everybody who was affected will receive help.

*"They go around and assess the damage, and they will help you."*

*(Female, 30-50)*

It was mentioned that the Red Cross has a presence in Swaziland and helps out in cases of devastation of houses through floods or fire. They cannot be depended upon to help out on all occasions though, and are bound by their own regulations. There is also a perception that the Red Cross would only be helpful if there are television crews at the scene, providing them with an opportunity to be seen as helping. The Red Cross does not have much credibility amongst the community.

*"You approach the Red Cross and they only provide you with a tent."*

*(Female, 30-50)*

*"The Red Cross only helps in the rural areas not in the locations. My house burnt down twice and they just came and took my details and never came back. The head of Red Cross explained to us that he only helps people in the rural areas. Since we are under Council, we can't be helped. They can only help with food parcels."*

*(Male, 30-50)*

The loss of a house due to fire or natural disaster leads to appeals for help from various sources.

*"If you are working, you will get a loan at the bank or at work, but if you are not working then you will go to the relatives. Or you can go to the MP"*  
(Female, 30-50)

The Red Cross was mentioned as well as appeals for help through the media. It was also mentioned that the loss of a house may lead to activities like stealing or prostitution to survive.

Below, two coping strategies, of micro-lenders and Inhlanganos, are unpacked in more detail.

### **2.3.1 The role of micro-lenders**

Participants tended to be knowledgeable regarding the functions of "Shylocks" or micro lenders. Shylocks are apparently sometimes legitimate and registered money-lenders, but some are private operators with a reputation of charging high interest rates and mistreating their customers. Shylocks provide money but need surety that the lender will pay the loan back. These shylocks identify a need in the community, particularly where there is no Inhlangano, and provide a service.

*"In the past there were no co-operatives and the shylocks realised that people were struggling and so they found ways of helping them."*  
(Female, 30-50)

The interest charged by the micro-lenders tends to be high. Figures of 20% – 30% were mentioned.

*"They are loan sharks. When they lend you money, you must pay it back with interest."*  
(Female, 30-50)

*"If I say I work at a bank they will charge me 30% and if I work as a domestic worker I will pay 20%."*  
(Female, 30-50)

The micro-lender needs some form of surety from the borrower. This may include a car, fridge, television set or furniture. They do also request documents like bank statements, identity documents and a signature confirming an agreement.

*“Your ID book and your bank card, they keep it for you, until you pay them.”*

*(Female, 30-50)*

*“If you have a car or something valuable you use it as surety.”*

*(Female, 30-50)*

Though respondents indicated that the micro lenders tend to take a hard-line approach, they tended to understand the reasoning behind the approach.

*“People are very dishonest so if you (the micro-lender) have everything of theirs it is better.”*

*(Female, 30-50)*

### **2.3.2 Inhlanganos or informal insurance**

The commonly known ‘stokvels’ in South Africa exists in Swaziland as well, although it operates a bit differently: stokvels are understood as rotating savings and credit associations where each participant gets a turn to take the whole pot. In Swaziland it operates similar to informal SACCOs (savings and credit associations) where they accumulate and grow the pot through the year through contributions and interest on loans, then share the proceeds at the end of the year. They are referred to as ‘Inhlanganos’ or ‘serve and credit corporations.’ It would appear that the Inhlanganos that the respondents mentioned have the same functions as a ‘stokvel’ and also serve as a provider of credit in times of need, which is often a funeral.

None of the respondents of the focus groups or the individual interviews were members of burial societies. Burial societies in other developing communities (for instance rural South Africa) usually stipulate that contributions are collected on a

monthly basis from members and when there is a death in a family, a certain amount is paid out. Inhlanganos on the other hand, only make savings contributions and provide credit for a range of purposes, including when a death of a member of the family occurs. A member may borrow from the Inhlangano at a pre-determined interest rate and loan period.

*"We call each other as a group of people that work together and we decide that we will contribute R100 per month. We lend the money out and it comes back with interest. And at the end of the year, you share that money and maybe you buy food with it."*

*(Female, 30-50)*

*"Sometimes it is called serve and credit corporations"*

*(Female, 30-50)*

There was a single mention that some Inhlanganos (in the city) may, in addition to being a stokvel and a credit provider, operate as a burial society. It is possible that burial societies may be more prevalent amongst higher LSM respondents in Swaziland. Amongst the low income earners, there was no mention of burial societies.

*"The Inhlangano in town has fixed amounts; if you lose your husband you get a certain amount and if you see that the funeral will cost you more than what you have been given then you can borrow."*

*(Female, 30-50)*

Inhlanganos are well known amongst the respondents. It would appear, however, that it is mainly a vehicle used by females to help them to save and to assist in times of unforeseen circumstances. Males, it seems, do not trust each other sufficiently to engage with Inhlanganos.

#### ❖ **Structure of Inhlanganos**

Since regular contributions form the crux of the success of the Inhlangano, regular employment is a prerequisite for joining.

*"If you are not employed you can't join because you will not have money to contribute."*

*(Female, 30-50)*

*"If you have lost your job, even when they hear that you lost your job, you will not get a loan. They only give you the money that you contributed."*

*(Female, 30-50)*

Money is collected monthly from the members. This money is saved and may only be accessed in terms of the rules of the group. A chairperson, secretary and treasurer are chosen and this small committee is supposed to ensure that the money is banked and records are kept. The treasurer keeps the card for the bank account but for withdrawals there needs to be three signatures. Banks have a special kind of savings account for Inhlanganos.

*"There is a special account and you just save. There is only interest and there are no charges and you make 2 withdrawals per month."*

*(Female, 30-50)*

The committee gives feedback to the group on the state of the bank account. Groups meet once a month to discuss matters relating to the collected funds and other matters of mutual concern.

#### ❖ **Functions of Inhlanganos**

##### ▪ **Loans**

The members of the Inhlanganos may borrow from the collected funds. When the need arises, a meeting is called and the members decide how much a person may borrow and how and when it should be paid back. If the money is required for a funeral, the members will consider how close the deceased person was to the member and each person in the group could make a personal loan to her. They may decide to help in other ways as well. A rate of 20% interest is charged



*"We look at how close she is to the dead person and we also help her with cooking."*

*(Female, 30-50)*

*"Money can be borrowed in case of need, such as when a child is sick or you don't have food in the house, or you want to start a business. However you can only borrow up to an amount you've invested to ensure that you don't misuse other peoples' money or disappear with it. However, when you repay it you must pay back with 20% interest."*

*(Male, 30-50)*

All borrowed money must be paid back before the end of the year when the money is divided amongst the members.

- **Annual distribution**

At the end of the year (usually) the collected money as well as the interest earned is distributed to members. Some Inhlanganos will divide the money amongst the members. Others buy quantities of groceries and divide this amongst their members. In some instances a person may elect not to take their portion at the end of the year.

*"It also depends on the Inhlangano; if they pay me back, I just ask them to keep it so that the other people can borrow the money and I can get it back with a better interest."*

*(Female, 30-50)*

- **Social support**

In addition to the financial element, the members of the Inhlangano may assist each other in other ways in times of illness or disaster. They visit a sick member with gifts of food and medication, help with fetching medicine etc.

*"If I am sick they take care of my kids and they come and clean my house, they come and help me to bath."*

*(Female, 30-50)*

If a house has been destroyed or damaged by fire or natural disaster, members may help out with building materials. In times of festivities, like a wedding, members will also assist with preparations.

*"If you have a function like a wedding, they will come and work."*

*(Female, 30-50)*

#### ❖ **Formalisation of Inhlanganos**

In Swaziland these informal savings co-operatives can be legalised or registered with the Swaziland Department of Enterprise. According to the respondents this process involves the following:

- A permit has to be obtained from the Department of Enterprise
- Tax clearance has to be obtained. This requires the assistance of a lawyer. The fact that respondents knew this shows a high level of sophistication amongst respondents.

The benefit of being registered is that the assets of the Inhlanganos can be insured, and, in case of loss, some money can be retrieved. It seemed however, that the registration process involves too much red-tape to make this an attractive option for these respondents.

#### ❖ **Problems encountered with Inhlanganos**

It seems that, although the Inhlanganos serve a definite purpose in assisting members in time of need and encourage members to save money, they are not without problems. Monthly meetings revolve around the problems that are encountered in the handling of the collected money. Some of the bigger Inhlanganos only meet once a year and these appear to have more problems establishing what happened to their money through the course of the year.

*"If you only meet once a year and you find that when you meet there are problems and funds are missing. And you find that there are people that owe the Inhlangano a lot of money and they don't keep their record that good."  
(Female, 30-50)*

- **Theft**

Respondents reported instances where those responsible for looking after the money misappropriated it, leaving members with nothing or a loss at the end of the year.

*"We contributed and contributed. The people that had access to the bank took the money and in December, when we were supposed to share the money, there was nothing."  
(Female, 30-50)*

Not all Inhlanganos use banks and sometimes hide money in houses or safe places. This is potentially a dangerous practice that can lead to money disappearing.

*"The disadvantage of an Inhlangano is this unhealthy banking system where the money is hidden away in a house. There was an incident where people stole R500 000 that belonged to an Inhlangano. There was another incident where three people who saved together lost R60 000. Besides that, the smaller Inhlanganos have problems of the treasurer spending the money."  
(Male, 30-50)*

- **Defaulting borrowers**

People who borrow money may disappear, lose their employment or pass away. The loan is therefore not paid back and the members lose out.

*"Some people borrow and do not come back to pay."  
(Female, 30-50)*

- **Members who are unable to contribute further**

Members may become unemployed due to various reasons and therefore are unable to make contributions to the Inhlangano.

*“There are members that might no longer be able to make their contributions.”  
(Female, 30-50)*

## **2.4 Insurance**

### **2.4.1 Knowledge and awareness of insurance**

Respondents were generally aware of insurance and tended to have a fair knowledge of what it entails and how it could be of assistance to a person in times of need. It is fair to say, though, that their knowledge extended to “knowing about” and not from having experience in insurance products (apart from funeral cover.) Being fairly well educated, it is possible that their knowledge even stems from their education, or from a keen sense of learning about things. Translating this knowledge into the skilful application of insurance in their lives has been limited.

*“Insurance is saving money in case something happens. You can even insure your life. If you are retrenched at work, they can give you a certain amount, or if you pass away, your kids can get money.”  
(Female, 30-50)*

*“(It is) a fund where you pay premiums, and it depends whether it is yearly or monthly and that money helps you in times of need. So you are insuring for the future.”  
(Female, 30-50)*

There also tended to be a fair understanding of the benefits to be gained from being insured.

*"Insurance is good because I know that at the end of the day, I will benefit. It will help you."*

*(Female, 30-50)*

Since many of the respondents have never been directly exposed to insurance, misconceptions and negative perceptions also prevailed amongst many. (Refer to section 2.5)

About half of the respondents who attended the group sessions had some form of insurance, mostly funeral insurance or life insurance through an employer, while others were mostly too poor to take on regular premium payments. Indeed, affordability of regular premiums was stressed as the most important reason for not having insurance:

*"I find that I can't afford insurance, but I will advise those that can should do it and get insurance."*

*(Female, 30-50)*

*"It is not that we don't want to join, I don't earn enough to pay insurance."*

*(Female, 30-50)*

*"We don't earn enough we live from hand to mouth."*

*(Female, 30-50)*

*"Our sources are limited. I pay water, electricity, food and I don't have enough money."*

*(Female, 30-50)*

There tended to be a perception that insurance was too expensive for them to afford, but when probed as to the costs involved there was little evidence that the respondents were aware of the real premium amounts or what would be covered under which circumstances. They would make statements like:

*"They start at about R50 upwards."*

*(Male, 30-50)*

It seems that some of the respondents have saving facilities with insurance companies, but only very few had any insurance policy apart from funeral cover.

*"I joined an insurance company, ICI. You save there and you buy shares. We subscribe every month R260 and after 3 months you buy shares from companies like MTN, Shoprite, ABSA."*

*(Female, 30-50)*

#### **2.4.2 Sources of information on insurance**

The awareness of insurance came through various sources, including word of mouth and the media. It would appear that funeral insurance is so widely known in Swaziland that the source of this information could be word-of-mouth. One respondent indicated that she knew about crop insurance because her uncle was a farmer.

Respondents with access to DSTV<sup>1</sup> are exposed to advertisements and infomercials by South African insurers, creating awareness about insurance – often of South African insurers and products.

Other sources were:

*"The agents come to our offices and they tell us about their different products and if you are interested, you fill it in."*

*(Female, 30-50)*

*"I heard about it on radio and I went there to find out about the insurance."*

*(Female, 30-50)*

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<sup>1</sup> Note that even those who do not have satellite TV at home have access to it at public places.

### 2.4.3 Types of insurance known to respondents

#### ➤ Funeral insurance

Funeral insurance is the one form of insurance that was well known amongst the Swazi people. There tended to be a good understanding of how it works, and an appreciation of the benefits from such insurance in times of death in the family.

*“You join it and you pay monthly and stipulate that after 6 or 12 months you are covered. If your relative passes on, you can get money for the funeral and they tell you a person of this age get so much.”*

*(Female, 30-50)*

*“They say from 0 to 5 (years of age), they give you R4000 and adults up to 45 years they give you R10 000. Maybe from 50 to 70, you get R5000 to R10 000. From 60 upwards, the money decreases.”*

*(Female, 30-50)*

*“It varies depending on the amount and on whether you are alone or with your whole family. So what they normally do is to pay for the mortuary, the coffin and the transportation to the cemetery. In addition they buy groceries for the funeral.”*

*(Male, 30-50)*

*“There is one for R55 per month which covers a family. There is also another for R90. So it depends on how much you can afford. The more you pay the more extras you receive.”*

*(Male, 30-50)*

Several of the respondents contributed to funeral policies held with Dups. This company appears to be the most well known and popular as far as funeral cover is concerned. They are also funeral undertakers and are able to provide the needs concerning a funeral should there be a death. This link to the service was emphasised by respondents as important.

Funeral policies with other companies were also mentioned.

*"I took one from Old Mutual. It is funeral cover, a monthly stop order. They take R140, it covers myself, husband and my kids. And after 10 years if nothing happens, they give you some money."  
(Female, 30-50)*

➤ **Life insurance**

"Life insurance" and funeral cover are at times used as synonyms amongst respondents.

*"Life insurance is very important so that when you are dead, your family is not left with the expenses of having to bury you."  
(Female, Individual. Interview., Dressmaker, Buss owner)*

*"But there are also life insurances like Dups, I think it depends on what scale you have taken, sometimes you pay R15, or R25."  
(Female, Individual. Interview. Crafter.)*

*"I had a life insurance which helped me when I lost my job. It paid out a sum of R7000 when my mother passed away. When I stopped it, they paid me a further R4500 which I used for my medication."  
(Male, 30-50)*

Some of the respondents indicated that they have life insurance with Swazi Royal Insurance and Old Mutual.

➤ **Retrenchment cover**

Some of the respondents have policies that will pay out should they be retrenched. This kind of policy holds a high level of attraction for the respondents, for whom not having a job is a devastating experience.



*"I also have the Alexander Forbes, when you are retrenched, you will be able to live with that."*

*(Female, 30-50)*

*"You need insurance to cover you when you are retrenched."*

*(Female, 30-50)*

➤ **Medical aid**

There tended to be an awareness of medical aid, but the perception was that this was only used by people working for the government or large companies. Ordinary people do not have access to medical aid. Other insurance for medical eventualities was not mentioned.

➤ **Credit insurance**

Some knew about this kind of insurance and had a good understanding of how it operates in the retail world.

*"Sometimes they do it with furniture shops and with banks"*

*(Female, 30-50)*

*"If I have taken furniture and I lose my job or I die, they pay off that furniture debt."*

*(Female, 30-50)*

*"When you buy on hire- purchase they insure everything from the shop. The shop pays the premium on your behalf."*

*(Female, 30-50)*

*"I had one but I have paid off the debt. It covers while you are paying the debt but once it is paid off, it is cancelled."*

*(Female, 30-50)*

➤ **Other insurance**

Other forms of insurance were mentioned by the respondents, but they had no experience of such products. These could potentially be attractive to them but since there are currently so many barriers between them and owning

such policies, they seem not to have explored these forms of insurance and could therefore not elaborate. When asked or instance what methods they employed when they experienced housebreaking and theft, they mentioned that having insurance at the time would have helped. One respondent had some knowledge about security requirements that would precede having business insurance, but because these pre-requisites are unattainable, he did not pursue insurance further.

Others forms of insurance mentioned, but not elaborated on, were:

- Vehicle insurance
- Household insurance
- Stock theft insurance
- Crop insurance

## 2.5 Perceptions relating to insurance

### 2.5.1 General perceptions

In general the perception was that insurance was for people with money or for big businesses, and that the insurance industry was not aimed at low income people or small informal businesses. When asked whether they ever considered insuring their assets, the answer was generally the following:

*"I thought it was for the people with big business like stores."  
(Female, Trader, 30-50.)*

These respondents had a perception that insurance premiums for short term cover would be high. When probed they did not really have an idea of how high it would be, but they believed it would be out of their range.

They also held the perception that it would be ideal to be covered by insurance and that it would help them not to feel so desperate in certain situations.

### 2.5.2 Negative perceptions

In the group discussions a few negative experiences with insurance were mentioned. In the individual interviews more detailed negative experiences were recorded. Some of these can be viewed on the DVD.

Negative perceptions regarding insurance were motivated by the following experiences:

#### ❖ **Cancellation due to non-payment of premiums**

Some respondents found it unacceptable that defaulting on payment for one month would lead to non-payment of a claim or cancellation of a policy. It was felt that the realities of poor people with an unstable income are not considered by insurers.

*"Yes, if maybe I have been paying for many years and now I am sick and can't pay for one month and I pass away, when I am dead my family can't get anything, they say I have not been paying."*

*(Female, 30-50)*

*"If I had been paying the premiums for five years and I find that after the five years I lose my job and can no longer pay, it will be cancelled and I will lose out all the money that I had been paying for 5 years."*

*(Female, 30-50)*

#### ❖ **Mistrust**

Mistrust of insurance companies was evident. There was a fear that you may be cheated and that your money would be misappropriated by the insurance company or possibly by an intermediary.

*"If you pay cash it is dangerous. It is good when they deduct the money from the bank."*

*(Female, 30-50)*

Some mentioned not understanding all clauses and this causes mistrust.

*"Well, I was approached by insurance agents and they sold me insurance for my business with a premium at R500 a month. However when the statement came it showed that it is a life policy. So I still don't understand. I must go and enquire."*

*(Male, 30-50)*

*"When you commit suicide and you don't get paid, so what happens to the money of those people that have not been paid out?"*

*(Female, 30-50)*

Some of the respondents indicated that they were the victims of dishonesty by insurers and therefore mistrust insurance companies.

*"We agreed that they will do a stop order and they will withdraw the money. So we agreed on a certain amount and they did it 3 to 4 months and the next time we checked we found that they had withdrawn more than we had agreed on."  
(Male, Individual. Interview. Employee)*

❖ **Non-payment of benefits**

It would appear that some have been defrauded by "insurance companies" that were not registered. Several instances were recounted of people who had insurance, yet were unable to lodge a successful claim. This tended to cause a sense of mistrust in the insurance industry, particularly since money was a scarce commodity and non-payment of benefits lead to feeling that they have wasted their money.

*"I joined a burial society for all my kids and for my daughter and her children. Kuhle Burial Fund. I was very disappointed because when my child passed on, they didn't give me even a cent.'  
(Female, Individual. Interview, Laundry worker)*

*"My brother-in-law was sick and he died they didn't pay anything."  
(Female, 30-50)*

*"It is not usual that they don't pay."  
(Female, 30-50)*

❖ **False pretence**

Some respondents indicated that the insurance companies appear to care, yet were only in the business to make money.

*"I think they are just here to make money with people."  
(Female, 30-50)*

*"You know here in our area people say that insurance rips people off. You put in money and they don't refund you."  
(Female, Individual. Interview., Dressmaker, Buss owner)*

❖ **No yield on investment**

Some of the respondents felt that they could not see any specific yield on their investment and therefore insurance was not seen as value for money.

*"We value money. We are money conscious therefore we want value for money."  
(Female, 30-50)*

*"You are paying for a long time and do not get anything back, you keep making these payments."  
(Female, 30-50)*

The perception that they do not get a yield on their money leads to frustration and may even lead to fraud, as was mentioned in one of the groups.

*"That is why people do fraud. They organise people to come to their homes and break in and they claim the insurance, but that is illegal."  
(Female, 30-50)*

## 2.9 Factors that may make insurance attractive

The apparent low utilisation of insurance in Swaziland is mainly due to poverty. However, the following aspects that may lead to better use of insurance were mentioned by the respondents:

### ❖ **More information**

The respondents have some information about insurance, much of this gained through infomercials seen on television. Several of the respondents, both in groups and as individuals, indicated that they had a lack of information about insurance and that they wished to be educated. They mentioned that they would like this information to come directly from the insurance company and not via a broker or representative. There is a perception that these 'sales people' do not have their best interests at heart.

*"I have heard of it (business insurance), but I don't have enough information. I think maybe it is for bigger business and not for us smaller businesses. No one has ever explained it to me."*

*(Female, Individual. Interview. Market Trader)*

*"Yes, I have heard of it (insurance) but I have never been to talk to them in person. I thought of it."*

*(Female, Individual. Interview. Dressmaker)*

### ❖ **Reasonable premiums**

Low income individuals, who virtually live from hand to mouth, are unable to contribute high premiums. Insurance would only be attractive to this group of people if the premiums are very low and if possible not a fixed amount per month.

*"If only it was R30, I would be able to organise it even when I'm not working. R50 is too much."*

*(Male, 30-50)*

*"If we can join it in groups so that it can reduce our premiums."*

*(Female, 30-50)*

*"If we could have insurance that can allow us to put in whatever amount we have per month."*

*(Male, Individual. Interview)*

#### ❖ **Benefits**

There was a sense that benefits should completely cover the costs related to the event or problem to avoid further worry or stress. Since the experience of insurance was limited, none of the respondents indicated that they wanted non-cash benefits in particular apart from those who have funeral cover. For instance in case of death and a funeral the benefits must cover all the related expenses, either in cash or in kind. They did not indicate whether they preferred it in cash or in kind.

*"For the funeral they must pay for the coffin and the food."*

*(Female, 30-50)*

#### ❖ **No medical examination**

The concept of undergoing a medical examination before qualifying for a policy did not appeal to respondents.

*"When you buy a funeral policy they want to test you for HIV and AIDS before you can be covered. This is what discouraged us because they want your HIV test results."*

*(Male, 30-50)*



❖ **Special arrangements in times of non-payment of premiums**

Respondents found it difficult to understand why insurers do not have means of assisting individuals in times when payment is impossible. Some indicated that they did not have a regular monthly income, making it difficult to adhere to a monthly premium. They would like an arrangement that would take their personal circumstances into consideration.

*"They shouldn't be too strict about requirements."*

*(Male, 30-50)*

*"The premium policy should not be inflexible concerning the lapse."*

*(Male, 30-50)*

*"I also wish to know that if I had been paying my premiums for three years and I lose my job in the fourth year should I not receive anything back?"*

*(Male, 30-50)*

❖ **A form of back payment**

The idea of a cash-back benefit was appealing to respondents. For these low income individuals, the perception that the insurance policy is also a form of saving is important.

*"I also wish to know that if I had been paying my premiums for three years and I lose my job in the fourth year should I not receive anything back?"*

*(Male, 30-50)*

*"I must have a cash-back option."*

*(Female, 30-50)*

❖ **Provision for extended family needs**

Though this was not mentioned repeatedly, male respondents felt that insurance in its current form does not cater for the needs of an African man who is responsible for an extended family.

*“As Africans we have extended family; so if they can cater for us as well.”*  
(Male, 30-50)

❖ **Waiting period**

The waiting period before the policy becomes valid was an unattractive element of insurance. It was felt that long periods of paying a monthly premium and not being covered was not viable for those with a low income. It is however interesting that the respondents in the first instance understood that there was a waiting period and what it entailed.

*“The waiting period should be about 3 months.”*  
(Female, 30-50)

❖ **Customised insurance**

There tended to be a sense that insurance companies did not understand the needs of poor people and that the products should be customised to include these needs. For example, if a person wants to take out insurance against housebreaking and theft, it should not require him to have burglar bars, security gates, and alarm system etc. as well. Under these circumstances it would be financially impossible to take out the insurance. From an insurers' risk management perspective, this may however not be viable.

❖ **Transparency**

Transparency was seen as essential to make insurance more attractive for the target market. It need not be a large company, but it has to be credible. In addition they do not want brokers, since there is a belief that they pay for the brokers. The perception was that the company must pay

their own employees while the premium of the individual goes towards his own benefit.

## 2.10 Insurance companies mentioned

Group members were asked to mention the insurance companies that they are aware of. In addition the moderators mentioned the names of companies that are active in Swaziland. Many of these were unknown to respondents. They did however know of the existence of the following:

- ❖ Alexander Forbes
- ❖ B3
- ❖ Clientele Life
- ❖ Cover rite
- ❖ Crucifix
- ❖ Dups
- ❖ Jet Funeral Cover
- ❖ Liberty Life
- ❖ Lidwala
- ❖ Mbabane Insurance
- ❖ Metropolitan
- ❖ Momentum
- ❖ Old Mutual
- ❖ Sanlam
- ❖ Swazi Royal and Corporate

*“Alexander Forbes, is the middle man between companies. If you work at the post office, they will be doing your pension fund.”*

*(Female, 30-50)*

*“Swazi Royal is the biggest one and they deal with government employees and people with big businesses”*

*(Male, Individual. Interview, Businessman)*

*“Swazi Royal Insurance is the umbrella body. So if it is under the Royal Swazi add the umbrella. Because the smaller ones, they open and they go bankrupt so we are scared of them.”*

*(Female, Individual. Interview. Crafter)*

Since some of these do not currently operate in Swaziland, it indicates the power of advertisements on SA television stations. Also of interest is the fact that brokers like Alexander Forbes were mentioned as “insurers” – they are indeed the face of the insurance company.

The perception was that all who work for government are compelled to have an insurance policy with Swazi Royal. Respondents thought that the premiums were high and suspicion prevailed around credibility. At the same time, there seemed to be more trust in, and awareness of SRIC as a long-time incumbent than of new entrants.

Dups is regarded as the “peoples’ insurer”. It appears that Dups is a funeral home who sells funeral cover. Though there are positive and negative accounts about Dups and in fact Dups is not an insurer at all, but a broker, it seems that they are the most well-known “insurer” in Swaziland and that most people knew them, or knew about them. Participants emphasised the fact that, when a member of the family passed away, Dups would give you the option to choose the coffin, the vehicles and the morgue time, or the money to pay for all the expenses. This choice and the option of choosing the service directly, was very attractive.

*"I have a funeral cover from Dups."*

*(Female, 30-50)*

*"The Dups people came to work and they explained to us and we took it."*

*(Female, 30-50)*

*"I joined a Dups. You pay monthly and after a year, if you die, they cover you."*

*(Female, 30-50)*

*"Life insurance is important, so that when you are dead, your family is not left with the expenses of having to bury you....Dups does that, others also ....they start from R15 or R25, but I have never been to them.. ...they give you a coffin and R3000"*

*(Individual Interview, female, informal trader.)*

*"I have heard of Dups it is just that I don't know how it works. The people who have joined are happy."*

*(Individual Interview, male, employee at a furniture shop.)*

*"There are life insurances like Dups, I think it depends on what scale you have taken, sometimes you pay R15, sometimes R25.....'The good one is Swazi Royal insurance, then there are the funeral ones like Dups and Crucifix."*

*(Individual Interview, female, owner of a curio stall)*

*"Dups is funeral insurance.....but they have a lot of problems, some people are moving away from Dups and coming back to Royal Swazi, but I don't know what the problems are."*

*(Individual Interview, male, doing "piece jobs")*

**Appendix**  
**Discussion guide**

**DISCUSSION GUIDE: SWAZILAND**

**Note:** Use colour cards as indicated to allow client to follow even if discussion is in Siswati

<b>1.</b>	<b>Introduction</b>	
<b>2.</b>	<b>Risks</b>	
	2.1	<p>What do you use your money for?</p> <ul style="list-style-type: none"> <li>▪ How much do you spend every week? (Basic list of types of spending)</li> <li>▪ How much do you save for the future? Where? Percentage of total income?</li> <li>▪ How much do you put aside for unplanned events/rainy day?</li> </ul>
	2.2	<p>What kind of events can happen in your life which you can't plan for and which you need money for? (e.g. risks)</p> <ul style="list-style-type: none"> <li>▪ For yourself (orange cards)</li> <li>▪ For your family (pink cards)</li> <li>▪ For the broader community (blue cards)</li> <li>▪ For your business (green cards)</li> </ul>
	2.3	<p>Which of these events are you most concerned about? (Rank all colours together)</p> <p>Note to moderator: explore everywhere to ensure proper understanding</p>
	2.4	Which are most likely to happen? (Rank all colours again)
	2.5	Which have the worst financial consequences? (Rank all colours again)
<b>3.</b>	<b>General risk management</b>	
	3.1	<p>How do you handle these events/risks?</p> <p>Note: Keep cards on table and explore ones ranked highest in 2.3, 2.4 and 2.5 in detail</p>
	3.2	Has the way you deal with these events changed at all over the last ten years?
	3.3	What are the limitations of the current ways you use to handle these events? What problems do you experience with the way you handle those?

	3.4	How can you prevent them from occurring?
	3.5	How do you deal with their impact after the event?
	3.6	How, if at all, do you use personal savings to manage these events?
	3.7	How do you share the impact of these events within your immediate and wider family?
<b>4. Risk pooling</b>		
	4.1	Do you belong to groups in the community which share these kinds of risks, where people look after each other when these events occur? If not part of such a group: do you know about these kinds of groups?  Note: List all types of groups on cards (peach). Ask for each type of group:
		<ul style="list-style-type: none"> <li>▪ What sort of risks do these groups deal with (e.g. death, health events, loss or damage to assets)?</li> <li>▪ What events are specifically excluded?</li> <li>▪ How are the groups structured (who collects money, bank account, secretary, written constitution, meetings, etc.)?</li> <li>▪ How many people belong to these groups?</li> <li>▪ How do the processes work? (Membership, 'claim' payment, contribution collection, etc.)</li> </ul>
	4.2	What works well in these groups, what works badly?
		<ul style="list-style-type: none"> <li>▪ Spontaneous</li> <li>▪ Do you get anything back if the event doesn't happen?</li> <li>▪ Have you ever lost money?</li> <li>▪ Does the group charge you for being a member?</li> <li>▪ How easy is it to get the money when the event happens?</li> <li>▪ Do these groups have a wider, social role?</li> <li>▪ Do people ever try to cheat these groups? How does the group deal with that?</li> </ul>
<b>5. Insurance</b>		
	5.1	Have you heard of insurance?  <ul style="list-style-type: none"> <li>▪ What is insurance?</li> <li>▪ Do you know anything about it?</li> <li>▪ What do you think about it?</li> <li>▪ What have you heard from other people about it?</li> </ul> <p>Facilitator to explain the features of insurance, the differences between insurance and risk pooling.</p>

		<p><i>Note: Client to brief moderators</i></p> <ul style="list-style-type: none"> <li>▪ <i>Contract with a company</i></li> <li>▪ <i>Guaranteed benefit</i></li> <li>▪ <i>If nothing happens, you don't get anything back</i></li> </ul>
	5.2	<p>Would you ever use insurance products? Why/why not?</p> <p>Explore reasons in detail, example.</p> <ul style="list-style-type: none"> <li>▪ Spontaneous/ideas</li> <li>▪ Concept of insurance</li> <li>▪ Cost</li> <li>▪ Is it easy for you to buy?</li> <li>▪ Are there branches close by where you can buy it?</li> <li>▪ Do you need someone to talk to about it before you buy it?</li> <li>▪ What level of access would make insurance attractive to you?</li> <li>▪ Understanding</li> <li>▪ Trust</li> <li>▪ Perceptions about target market</li> </ul>
	<b>6. Insurance companies</b>	
	6.1	Do you trust big companies in general?
	6.2	Is there any benefit in dealing with a big company instead of a small one/informal organisation?
	6.3	<p>Can you trust big insurance companies?</p> <ul style="list-style-type: none"> <li>▪ Spontaneous</li> <li>▪ Will they still be around when your claim has to be paid?</li> <li>▪ Can they be relied on not to disappear with your money?</li> <li>▪ Do you trust them more or less than informal mechanisms?</li> </ul>
	6.4	What would it take for you to trust a big insurance company?
	<p><b>7. Cancellation of insurance</b></p> <p><b>ASK RESPONDENTS WHO GAVE UP INSURANCE</b></p> <p>Why did they give up (explore in detail – use aspects in section 5)</p>	



<b>8.</b>	<b>Understanding of insurance</b>	
	<b>ASK RESPONDENTS WHO HAVE INSURANCE</b>	
	8.1	How did you find out about insurance and buy it?
	8.2	How did you buy the product – through a broker, directly from the company, through someone else?
	8.3	<p>Cover: What risks are you covered for by your insurance/did you used to be covered for?</p> <ul style="list-style-type: none"> <li>- Death <ul style="list-style-type: none"> <li>▪ Funeral expenses</li> <li>▪</li> <li>▪ Life insurance</li> </ul> </li> <li>- Health <ul style="list-style-type: none"> <li>▪ Expenses</li> <li>▪ Income replacement</li> </ul> </li> <li>- Loss of or damage to assets <ul style="list-style-type: none"> <li>▪ House</li> <li>▪ Possessions</li> <li>▪ Crops</li> </ul> </li> </ul>
	8.4	How often does the company or intermediary communicate with you? What do they tell you or ask from you? What kind of information did you have to give the insurer?
	8.5	How do you pay your premiums? Is it easy, convenient?
	8.6	Do you have a paper policy document? Do you understand what it says?
	8.7	Do you understand what is covered and when the insurer will not pay out your policy?
<b>9.</b>	<b>Experience with insurance</b>	
	<b>ASK RESPONDENTS WHO HAVE INSURANCE</b>	
	9.1	<p>Have you ever made a claim on the policy?</p> <ul style="list-style-type: none"> <li>▪ How did the process work?</li> <li>▪ Was this easy, convenient, paid in time? Alot of paper work?</li> <li>▪ Was the claim paid? Did it cover the whole loss? If not, why?</li> </ul>
	9.2	Evaluation of insurance

	9.2.1	<p>What good experiences have you had with insurance?</p> <ul style="list-style-type: none"> <li>▪ Spontaneous</li> <li>▪ Paid claim quickly</li> <li>▪ Was cheap</li> <li>▪ Company was reliable and helpful</li> </ul>
	9.2.2	<p>What bad experiences have you had with insurance?</p> <ul style="list-style-type: none"> <li>▪ Spontaneous</li> <li>▪ Claims not paid</li> <li>▪ Unhelpful service, hard to understand</li> <li>▪ Expensive</li> <li>▪ Difficult to access</li> </ul>
	9.3	<p>Overall, are you glad you have insurance?</p> <ul style="list-style-type: none"> <li>▪ Even if you haven't claimed, are you glad you had the insurance in case?</li> <li>▪ How do you feel about paying the premium when you haven't claimed?</li> </ul>
	9.4	<p>Would you recommend using insurance to your friends and family?</p> <ul style="list-style-type: none"> <li>▪ Is insurance products good value for money?</li> <li>▪ What are the main obstacles to using insurance?</li> <li>▪ What would cause you to use more insurance?</li> <li>▪ What would make insurance work better for you?</li> <li>▪ What would be a reasonable price to pay for a typical life insurance?</li> </ul>
<b>10.</b>	<b>Other</b>	
	10.1	<p>Do people try and cheat on their insurance? e.g. make a false claim. What do you think about that? How do you think cheating can be reduced?</p>
	10.2	<p>Are there other risks you would like insurance to cover?</p>