

From Life Insurance to Financial Services: A Historical Analysis of Sanlam's Client Base, 1918-2004

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ABSTRACT

Sanlam has long been stereotyped as an Afrikaans company. It has been positioned in Afrikaner nationalist historiography as one of a number of Afrikaner economic, cultural and political institutions that emerged alongside British ones in the early twentieth century as Afrikaners strove to assert their identity and independence. Much of the existing literature on the history of Sanlam has focused on the role that the company played in promoting this independence by mobilising savings for investment in Afrikaner businesses. This study challenges this conventional view of Sanlam. It argues that Sanlam was established as a South African company in a British industry of which the inclusion and empowerment of Afrikaners formed one aspect. It was a national institution that tried to represent South Africa at all levels. This study demonstrates Sanlam's inclusiveness as a South African company by analysing its client profile from its establishment as a modest life insurance company in 1918 to its transformation into a diversified financial services group by 2004. It shows that Sanlam did not only target and attract Afrikaans-speaking clients, but included as wide a spectrum of clients as possible within the political and market constraints of the time. It did this by operating as a bilingual company, including working classes through industrial insurance and group schemes and by offering non-traditional life insurance products and ancillary financial services that met a range of needs. In this way Sanlam set itself apart from its competitors. Its clients included people from both sides of the demographic and social divide. Clients included English and Afrikaans-speakers, blacks and whites, young and old, male and female, and lower and upper class. Restrictions and exclusions were based on risk and not on race, sex or class. Sanlam broadened its prospects even further into the South African market during the second half of its history. This was in response to events such as the formation of the Republic in 1961, the growth of the South African economy, the deregulation of the financial sector in the 1980s and 1990s, and the collapse of Apartheid in the early 1990s. By 2004 Sanlam had completed its transformation into a diversified financial services group that provided a range of life insurance and financial services solutions for individuals, groups and businesses from various walks of life. The Group could now shift its focus not only onto further expansion into the South African and neighbouring African markets, but onto the rest of Africa and other emerging markets abroad.

OPSOMMING

Sanlam is lank reeds bekend as 'n Afrikaanse maatskappy, een van 'n aantal ekonomiese, kulturele en politieke instellings wat gedurende die vroeë twintigste eeu ontwikkel het met die doel om die Afrikaner se identiteit en onafhanklikheid te bevorder. Bestaande literatuur oor die geskiedenis van Sanlam fokus sterk op die rol van die maatskappy deur sy verkryging van beleggings vir Afrikanerbesighede. Hierdie studie betwis so 'n konvensionele siening van Sanlam. Dit betoog dat Sanlam gestig is as 'n Suid-Afrikaanse maatskappy in 'n Britse industrie, waar die insluiting en bemagtiging van die Afrikaner slegs een aspek gevorm het. Sanlam was 'n nasionale genootskap wat Suid-Afrika op alle vlakke probeer verteenwoordig het. Die studie toon Sanlam se insluiting as 'n Suid-Afrikaanse maatskappy, deur 'n ontleding van sy kliënteprofiel sedert sy stigting as 'n beskeie lewensversekeringsmaatskappy in 1918 tot met sy transformasie in 2004 as 'n gediversifiseerde finansiële dienste groep. Dit wys dat Sanlam nie net Afrikaanssprekende kliënte bedien het nie, maar 'n wye teikengroep binne die politieke en mark beperkinge van die spesifieke era. Albei amptelike landstale is gebruik, die werkersklas is deur industriële versekering en groepskemas betrek en nie-tradisionele lewensversekeringsprodukte en finansiële dienste is aangebied. Hierin het Sanlam homself van sy mededingers onderskei. Kliënte het mense van alle demografiese en sosiale verskille ingesluit. Daar was Engels- en Afrikaanstaliges, swart en wit, jonk en oud, manlik en vroulik, en polishouers van die laer en hoër klasse. Sanlam het gedurende die tweede helfte van sy geskiedenis verder in die Suid-Afrikaanse mark uitgebrei. Dit was in antwoord op gebeure soos die stigting van die Republiek in 1961, die groei van die ekonomie, die deregulering van die finansiële sektor in die 1980s en 1990s, en die beëindiging van apartheid gedurende die vroeë 1990s. Teen 2004 was Sanlam volkome getransformeer tot 'n gediversifiseerde finansiële dienste groep met 'n reeks lewensversekering- en finansiële produkte beskikbaar aan individue, groepe en besighede uit alle dele van die bevolking. Die Groep kon nou uitgebrei, nie net in Suid-Afrika en sy buurlande nie, maar na die res van Afrika en ander opkomende markte oorsee.

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LIST OF ABBREVIATIONS AND ACRONYMS

AAC	-	Anglo-American Corporation
ABSA	-	Amalgamated Banks of South Africa
AMP	-	Australian Mutual Provident
ATKV	-	<i>Afrikaanse Taal en Kultuurvereniging</i>
BEE	-	Black Economic Empowerment
FM	-	<i>Federale Mynbou</i>
FVB	-	<i>Federale Volksbeleggings</i>
GDP	-	Gross Domestic Product
Genmin	-	General Mining Corporation
ISCOR	-	Iron and Steel Corporation
JSE	-	Johannesburg Securities Exchange
KWV	-	<i>Ko-operatiewe Wijnbouers Vereeniging</i>
LOA	-	Life Offices Association
Methold	-	Metlife Investment Holding Company
MNEs	-	Multinational Enterprises
NAIL	-	New Africa Investments Limited
Penkor	-	Pension and Mutual Investment Corporation Limited
PPS	-	Professional Provident Society of South Africa
Sanlam	-	<i>Suid-Afrikaanse Nasionale Lewens Assuransie Maatskappy</i>
Sansom	-	South African National Sickness & Accident Insurance Corporation Limited
Santam	-	<i>Suid-Afrikaanse Nasionale Trust en Assuransie Maatskappy</i>
SASOL	-	<i>Suid-Afrikaanse Steenkool en Olie</i>
UCT	-	University of Cape Town

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“The challenge for business historians is to locate themselves at the heart of contemporary issues in their engagement with business. Our ability to blend the intellectual resources of history, industrial economics and management studies is of unique value in understanding how companies and markets change and how their past helps determine their future.”

Oliver Westall

CHAPTER 1: UNDERWRITING SANLAM'S HISTORY

1.1 Introduction

“The science of Life Assurance cannot remain stationary, and in order to be successful insurance practice must adapt itself to ever-increasing necessities and requirements of a progressive age.”

Sanlam chairman, WA Hofmeyr – 9 December 1925

Sanlam's history is characterised by nationalism, empowerment and transformation. It transformed from a modest South African life insurance company established in 1918 into a diversified financial services group with interests internationally by 2004. This study explores this history and transformation and Sanlam's identity as a company by investigating the changing profile of its client base over this period.

1.2 Overview of Sanlam's history, 1918-2004

1.2.1 Nationalism and empowerment

1.2.1.1 Early empowerment

Sanlam, the South African National Life Assurance Company was established in 1918 as a local company in an industry where the majority of companies operating in South Africa were branches of foreign companies.¹ As a local company Sanlam had an important role to play in the economic development of the country by mobilising personal savings and investing funds within the country.² The foreign insurance companies operating in South Africa were not legally required to invest a portion of their funds within the country.³ The insurance legislation allowed insurance companies relative freedom with regards to the

¹ C.W. Cousins: *Official yearbook of the Union of South Africa, 1910-1917*, p.724; *Official yearbook of the Union of South Africa, 1910-1920*, pp.561, 858.

² Sanlam: *Chairman's address*, 28 December 1923, p.4.

³ *The Review*, 26 September 1924, p.941; 23-30 December 1927, p.1150.

allocation of assets. It was not until the introduction of the Insurance Act No 37 of 1923 that life insurance companies were required to make compulsory investments in bonds.⁴ This is reflected in the types of investments that Sanlam made during the first two decades of its history. During this period Sanlam invested mainly in private property and government and municipal securities.⁵ A large percentage of these investments were in farm property. Thereby Sanlam contributed to the agricultural development of the country and in particular to that of the Afrikaans-speaking section of the population whose main economic activity was farming. Sanlam's presence in the farming community is also reflected in the profile of its client base during this period which included a large percentage of farmers.⁶

The economic climate at the time did not allow Sanlam to pursue a more aggressive investment strategy. In the early 1920s the economy was put under strain by labour unrest on the Rand and the general recessionary environment experienced worldwide. This was again the case in the late 1920s with the collapse of the Wall Street stock market in New York in 1929 and the global economic depression that followed.⁷ Between 1920 and 1932 South Africa's gross domestic product declined in monetary terms with almost no increase in industrial output.⁸ Sanlam responded to this challenging economic climate by adopting a conservative approach to business. Sanlam's cautious response to the recessionary climate in the early 1920s was highlighted during the company's annual general meeting in 1922, "It will be observed that further economies in the expenses of administration have been exercised and a reduction in expenditure is shown under practically every heading."⁹ Sanlam responded to the worldwide depression following the collapse of the Wall Street Market in 1929 by setting aside a portion of its profits in a contingency fund to strengthen its reserves in anticipation of losses on investments that the company was likely to experience during the depression years.¹⁰

⁴ *Ibid*, 1 October 1926, p.928.

⁵ Sanlam: *Chairman's address*, 1919-1939.

⁶ *Ibid*, 12 December 1928, p.1.

⁷ *Ibid*, 8 December 1922; 10 December 1930; J. Nattrass: *The South African economy: Its growth and change*, p.25.

⁸ H. Giliomee & B. Mbenga: *New history of South Africa*, pp.234, 245.

⁹ Sanlam: *Chairman's address*, 8 December 1922.

¹⁰ *Ibid*, 1930-1933.

Another reason for this conservative approach to business was that Sanlam was still in its infancy and faced many challenges early on. The establishment of this young South African company, which represented amongst others the Afrikaans-speaking section of the population, was met with opposition from rival companies and the British press. Sanlam was established during the First World War and in the same year that the Spanish flu epidemic broke out. These events would result in increased death claims for life insurers. Sanlam experienced problems with its staff early on as there were few South Africans with training and experience in insurance business at the time.¹¹ The Company suffered another setback in 1922 when its parent company Santam faced bankruptcy and near collapse due to the liquidation of the Free State Chamber of Executors which was Santam's main agent in the Free State. Santam had purchased shares in the Chamber which it had to write off as a loss after the Chamber went into liquidation. Santam was rescued by a loan from Standard Bank.¹² Sanlam's only real strategic investment during these formative years was the acquisition of African Homes Trust, a life insurance company specialising in industrial insurance from Santam in 1935.¹³ Real economic empowerment would only be achieved from 1940 with the establishment of finance houses as subsidiaries of Sanlam to fund the development of South African businesses in commerce and industry.

1.2.1.2 The era of finance houses

A change took place in Sanlam's investment strategy in 1940 with the establishment of the finance house *Federale Volksbeleggings* (Federal People's Investments). Sanlam's leaders felt that the pace of economic empowerment was progressing too slowly especially with regards to the Afrikaans-speaking section of the population. The Carnegie Report on the poor white question published in 1932 estimated the number of poor whites living in South Africa at 300 000. Most of these were Afrikaners.¹⁴ Afrikaners were particularly marginalised from participation in the mainstream economy. In 1938 Afrikaner share in mining was only 1%, 3% in manufacturing, 8% in trade and commerce and 5% in the financial sectors.¹⁵

¹¹ *Ibid*, 23 December 1919; 22 December 1920; W.P.G. Koen: *Sanlam tussen twee wêreldoorloë: Sy stigting, groei en stryd on 'n ekonomiese staanplek vir die Afrikaner, 1918-1939*, pp. IX, 73, 91-94, 102, 121-122.

¹² W.P.G. Koen: *Sanlam tussen twee wêreldoorloë: Sy stigting, groei en stryd on 'n ekonomiese staanplek vir die Afrikaner, 1918-1939*, pp.141-145.

¹³ Sanlam: *Chairman's address*, 11 December 1935.

¹⁴ J.F.W. Grosskopf: *Report of the Carnegie Commission. Part 1 Economic Report: Rural impoverishment and rural exodus*, p.vii.

¹⁵ H. Giliomee & B. Mbenga: *New history of South Africa*, p.29.

Afrikaners made up 60% of the white population at this time; yet their contribution to national income was only 35% and this was mostly from agriculture.¹⁶ MS Louw, Sanlam's manager and actuary at the time believed that real empowerment of this section of the population could only be achieved by increasing their participation in commerce and industry.¹⁷

Sanlam was in a favourable economic position by the late 1930s which made it possible to adopt a more aggressive investment strategy. By 1938 Sanlam was twice as large as it was in 1933 and was the fourth largest life insurance company in South Africa. Sanlam's new business volumes more than doubled from £2 385 201 in 1933 to £5 210 256 in 1938. This was also the first time that Sanlam's new business volumes for a year exceeded £5 million. Its life assurance fund had more than doubled from £1 331 429 in 1933 to £2 919 368 in 1938.¹⁸

Inspired by the centenary of the Great Trek in 1938 and the nationalist spirit awoken by this event, Sanlam's leaders together with Afrikaner business, religious, academic and cultural leaders organised the *Ekonomiese Volkskongres* (Economic People's Congress) in Bloemfontein in October 1939. The purpose of this congress was to discuss the impoverished position of Afrikaners and ways in which this poverty could be alleviated and Afrikaner participation in the mainstream economy increased.¹⁹ Sanlam's contribution to the Congress was MS Louw's proposal for the establishment of a finance house similar to those established by the mining houses that would allow for funds to be invested in local businesses in commerce and industry. As has already been demonstrated by the trends in the investment strategies of life insurers and the legislative requirements governing these trends, life insurance companies did not have the capacity to do this and therefore had to establish subsidiaries to carry out this aim.

¹⁶ M.S. Louw: *Die Afrikaner in besigheid*, 2 March 1939. p.3; G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.129.

¹⁷ MS Louw: *Die Afrikaner in besigheid*, 2 March 1939, p.3; MS Louw: *Die aanwending van die kapitaalkrag van die Afrikaner*, 3-5 October 1939, p.1.

¹⁸ Sanlam: *Chairman's address*, 7 December 1938; G. Verhoef. *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*. p.126.

¹⁹ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*. p.127.

The finance house *Federale Volksbeleggings* (Federal People's Investments) was established in 1940. FVB was an investment company that made funds available for the establishment of particularly Afrikaner businesses in commerce and industry. It also provided technical support to such businesses.²⁰ Sanlam was the major shareholder in FVB although shares in FVB were also sold to ordinary South Africans including Afrikaners. Sanlam's agents were instrumental in selling these shares. The establishment of FVB once again demonstrated the savings ability of the local population and in particular Afrikaners. It demonstrated that Afrikaners could play an active role in their own economic empowerment.²¹

By 1943 more than £2 million had been spent on shares in new Afrikaner companies, most of which had been purchased by FVB and thus playing a role in increasing Afrikaner participation in the mainstream economy.²² By the end of the Second World War FVB had investments in a diverse range of areas including fishing, wood, steel, chrome and agricultural implements indicating that it did not only exist for the economic upliftment of the Afrikaner people, but for that of the nation as a whole.²³

The establishment of FVB not only marked a change in Sanlam's investment strategy and its first decisive step towards increasing particularly Afrikaner participation in the mainstream economy, it also marked a shift in the investment strategy of life insurance companies towards more risk driven investments through which real empowerment could be achieved.²⁴ During this period the investment environment of life insurers became highly regulated and life insurance companies would have to find new ways to increase their yields and achieve their empowerment goals. Sanlam was a pioneer in this regard. The Insurance Act No. 27 of 1943 required life insurance companies to hold a fixed proportion of their assets in prescribed securities. It was believed that these types of investments would offer policyholders better security on the investment of their savings in life insurance companies than the earlier

²⁰ *Ibid*, pp.128-129; *Die Fakkkel*, 1 September 1960, p.4.

²¹ Sanlam: *Board meeting minutes*, 21 September 1938; 20 April 1939; G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.129-130.

²² H. Giliomee & B. Mbenga: *New history of South Africa*, p.293.

²³ *Ibid*.

²⁴ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.131.

investment environment which allowed life insurance companies more freedom with regards to the allocation of their assets. Although these types of investments in government bills, bonds and securities pumped funds back into the local market they did not necessarily produce optimal yields. According to Arndt real security came from distributing investments between various types of assets and real empowerment could only be achieved by investing in key structures of the economy.²⁵

Sanlam established another finance house, Bonuscor in 1945.²⁶ The establishment of Bonuscor was closely linked to the Second World War and the need to develop local industry. The War had stimulated the South African economy, raised income and the standard of living and increased the demand for local goods and services.²⁷ Bonuscor assisted with the development of local industry by investing ordinary and preferential shares in listed industrial and commercial institutions. The establishment of Bonuscor gave with-profit policyholders the option to use their bonuses to purchase shares in Bonuscor and thereby contribute to the establishment and development of South African industries.²⁸ Sanlam used this nationalist appeal of contributing to the economic development of the country to attract clients and potential investors. A Sanlam policy “afforded policyholders an opportunity to honour their responsibility towards South Africa to contribute to capital formation that would assist GDP growth. That was the duty of all South Africans.”²⁹

To increase Afrikaner participation in mining, FVB and Bonuscor established a mining holding company, *Federale Mynbou* (Federal Mining) on 6 June 1953.³⁰ FM would provide both financial and managerial support for the development of mining enterprises. Sanlam joined FVB and Bonuscor as a third partner in FM in late 1953 to assist FM to

²⁵ G. Verhoef: *Life offices to the rescue! A history of the role of life insurance in the South African economy during the twentieth century*, pp.152-154.

²⁶ Sanlam: *Chairman's address*, 19 December 1945, p.4.

²⁷ *Ibid*, pp.3-5; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.59; G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.135.

²⁸ *Ibid*; Sanlam: *Chairman's address*, 16 February 1955. p.4.

²⁹ Sanlam: *Chairman's address*, 19 December 1945, pp.3-5; G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.136.

³⁰ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.137-138; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.64.

purchase shares in gold mining companies. Sanlam took up 280 000 shares in FM in 1956, but its equal partnership in FM was only formalised in June 1958. The establishment of FM was an important first step in increasing Afrikaner participation in the mining sector.³¹ Sanlam was also involved in the establishment of another finance company together with Bonuscor. The Central Finance Corporation was established in 1954 to make short term credit available to commerce and industry.³² When Bonuscor's capital reached £5 000 000 it was decided to establish a new company Sankor (Sanlam Investment Corporation Limited). Sankor was established in 1960. It was an investment corporation that invested its own capital not in ordinary shares in industrial and commercial undertakings, but in ordinary shares in other investment and financial companies.³³ By the 1960s Sanlam had investments in property development, industry, commerce, mining and the financial sector.³⁴ Scannell concluded that by the time Sanlam celebrated its fiftieth anniversary in 1968 it had played a major role in the overall economic development of the country.³⁵

1.2.1.3 Expansion into mining

During the second half of the twentieth century much of Sanlam's empowerment efforts were concentrated on increasing Afrikaner share in mining – South Africa's most important economic sector. FM, the mining investment company in which Sanlam had a controlling share began to look towards expanding its interests in gold and diamond mining. In 1955 FM acquired a controlling interest in the gold mining company Fairview Consolidated Mines Limited.³⁶ The mining houses, in particular the Anglo-American Corporation (AAC) felt uneasy about FM's expansion into the mining sector. In a tactical decision, AAC offered FM joint control of its gold mining house General Mining Corporation (Genmin). A new company *Mainstraat Beleggings* (Main Street Investments Limited) was established in 1963 which held FM and AAC's joint shares in Genmin. Genmin became the new operating company of FM's mining interests. For FM this meant a more meaningful share in gold

³¹ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, pp.137-139.

³² Sanlam: *Chairman's address*, 16 February 1955, p.5; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.64, 114.

³³ J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.113; Sanlam: *Chairman's address*, 16 March 1960, pp.6-7; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.698.

³⁴ J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.115.

³⁵ *Ibid.*

³⁶ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.139.

mining and increased participation for Afrikaners in the mainstream economy. For AAC it secured cooperation with FM over its diamond mining activities. A written agreement was concluded with FM according to which it would cooperate with AAC in all future prospecting, production and marketing of diamonds through De Beers Central Selling Organisation. The agreement also stipulated that a new company would have to be formed to handle any new diamond ventures, in which De Beers and FM would have ownership. In 1965 AAC offered to sell 1% in *Mainstraat Beleggings* to FM thereby securing FM's control of Genmin.³⁷

Genmin acquired Union Corporation – a British owned gold mining company in 1975. This effectively secured for Afrikaners a share in the second largest gold mining house in the country. As a result of Sanlam's empowerment initiatives Afrikaner share in mining increased from 1% in 1938 to 18% in 1975.³⁸ Following the acquisition of Union Corporation a new holding company Gencor was established on 26 March 1980.³⁹ By the mid-1980s Sanlam had expanded into a diverse conglomerate with investments in almost all sectors. By 1985 the distribution of Sanlam's investments on the JSE was as follows: mining R912 million, the financial sector R380 million, the transport sector R158 million, electronics R146 million, engineering R34 million, industrial holdings R301 million and in the retail sector R94 million.⁴⁰ This was an indication that Sanlam had become a major force in the South African economy.

1.2.1.4 Black economic empowerment

Sanlam has traditionally been perceived as an Afrikaans company, a perception that stems from its role in the economic empowerment of Afrikaners. This however formed part of a broader initiative to develop the economy of the country as a whole.⁴¹ In the 1990s Sanlam would play a role in increasing black participation in the mainstream economy in a process

³⁷ *Ibid*, pp.139-142; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.113

³⁸ H. Giliomee: *The Afrikaners: Biography of a people*, p.293.

³⁹ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.142.

⁴⁰ *Ibid*, p.144.

⁴¹ G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.212.

which became known as Black Economic Empowerment (BEE) thereby once again demonstrating that it did not operate as an exclusively Afrikaans company.⁴² In the changing political and economic climate in South Africa in the 1990s Sanlam leaders realised that all available human capital had to be utilised to grow and develop the economy. Unless large numbers of blacks entered higher employment categories the economy of the country would be forced to a standstill as a result of the managerial shortage.⁴³ Sanlam's approach to BEE was similar to the approach it had adopted earlier in its history to help increase Afrikaner participation in the mainstream economy. Sanlam would facilitate BEE by forging alliances and concluding business transactions with black leaders to transfer managerial skills and business ownership to blacks. As was the case with Afrikaner economic empowerment, the focus of this initiative was on self-empowerment.⁴⁴

The first of these transactions was completed in 1993 when Sanlam sold 10% of its controlling share in Metropolitan Life – a life insurance company with a predominantly black client base to a black owned holding company Methold (Metlife Investment Holding Company). It was envisioned that Methold would play a similar role to what FVB played in facilitating Afrikaner economic empowerment. Within two years Sanlam sold another 20% of its shares in Metropolitan Life to Methold. In 1994 Methold's name was changed to NAIL (New Africa Investments Ltd) and listed on the Johannesburg Securities Exchange in August 1994. It was the first black owned company to list on the JSE. The Methold BEE transaction was the first of its kind in South Africa and would become the model for subsequent BEE initiatives.⁴⁵ Therefore Sanlam was a pioneer in BEE. Another important BEE deal involving Sanlam was concluded in 2004. Ubuntu-Botho – a broad-based economic empowerment consortium acquired an initial 10% equity share in Sanlam.⁴⁶

⁴² G. Verhoef: "The invisible hand": *The roots of black economic empowerment, Sankorp and societal change in South Africa, 1985-2000*, pp.27-28, 35-37.

⁴³ *Ibid*, pp. 27, 29, 32, 34, 35.

⁴⁴ *Ibid*, pp. 32, 34, 36, 40, 46-47; G. Verhoef: *Economic empowerment and performance: strategies towards indigenization/black economic empowerment and the performance of such enterprises in Nigeria and South Africa, since the early 1970s to 2002*, p.104.

⁴⁵ G. Verhoef: "The invisible hand": *The roots of black economic empowerment, Sankorp and societal change in South Africa, 1985-2000*, pp. 27-28, 36-39, 42-43; G. Verhoef: *Economic empowerment and performance: strategies towards indigenization/black economic empowerment and the performance of such enterprises in Nigeria and South Africa, since the early 1970s to 2002*, p.104.

⁴⁶ *Sandaba*, August 2004, p.3; Sanlam: *Annual Report 2003*, p.15.

1.2.2 Transformation from life insurer to financial services group

1.2.2.1 Products and corporate structure

The diversification of Sanlam's investments was closely paralleled by a diversification of its products from traditional life insurance products that provided protection against loss of income in the event of death, old age or disability to a broader range of financial services. Examples of this can be identified early on in Sanlam's history. Interest free loans on operations and group insurance schemes for workers were first introduced in the 1920s.⁴⁷ Savings policies and sickness and accident products were first introduced in the 1950s.⁴⁸ As was the case with its investment and empowerment strategies, Sanlam also established separate companies to facilitate product diversification. Penkor (Pension and Mutual Investment Corporation Limited) and Sansom (South African National Sickness & Accident Insurance Corporation Ltd) were established in the 1950s to make their technical and administrative knowledge of pension and health schemes available to individual, corporate and public sector clients.⁴⁹ Sanlam also expanded into banking and financial services. In 1956 Sanlam and FVB established Trustbank to meet the need for installment credit and personal loans not met by the British commercial banks operating in South Africa.⁵⁰ Shortly thereafter Sanlam began to introduce more financial services based products to its product base. In the 1960s retirement annuities, private pension plans and other investment products were introduced.⁵¹ Financial planning and advice and other ancillary services such as trusts and estate management were introduced in the 1970s and 80s.⁵²

By mid 1980s Sanlam transformed itself into a massive conglomerate with many business interests, subsidiaries and strategic investments to facilitate its empowerment, expansion and product diversification goals. Sanlam's role as parent company and manager of these associated companies conflicted with its role as life insurance and financial services provider.

⁴⁷ Sanlam: *Chairman's address*, 8 December 1922; 10 December 1924; 16 February 1929.

⁴⁸ *Ibid*, 18 February 1959 p.6; Sanlam: *Ratebooks*, 1955, 1957.

⁴⁹ Sanlam: *Chairman's address*, 16 February 1955, p.4; 15 February 1956, p.5; 19 February 1958, p.5; 18 February 1959, p.6.

⁵⁰ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.143.

⁵¹ Sanlam: Selected brochures, pamphlets and advertisements promoting these products, 1960-69.

⁵² *Ibid*, 1970-1989.

It created an operational dilemma for the company.⁵³ To address this problem Sanlam established Sankorp – an investment corporation and strategic planning company in 1985 to take control of its strategic investments in subsidiaries and associated companies. The establishment of Sankorp allowed Sanlam to separate its daily function as a life insurance and a financial services provider from its role as manager of its associated companies.⁵⁴

Once Sankorp was established a process of restructuring of Sanlam's investment concerns began. Sanlam's portfolio of investments under Sankorp were organised into the following sectors: mining, finance, transport, engineering and electronics, industrial holdings and retail sectors. Sanlam's dispersed industrial concerns were consolidated under one industrial holding company. The same was done with its mining interests. The most significant restructuring exercise was the unbundling of Gencor. Although unbundling of other Sankorp concerns (FVB, Tradegro, Murray & Roberts and Malbak) had already taken place none were of this magnitude. It paved the way for further such exercises. For Gencor it held the benefit of a more balanced and focused mining concern and an enhanced image internationally. After completion of the unbundling process Gencor finalised a \$1.2 billion transaction with Royal Dutch Shell to acquire Biliton. That transaction positioned Gencor as an international mining group. This was an important step for big businesses in the post-apartheid era to demonstrate their ability to do business internationally and be integrated into the global economy. It was another indication of Sanlam's commitment to contributing towards the overall economic development of the country.⁵⁵

Internally Sanlam's transformation into a diversified financial services provider gained momentum in the 1990s. This was in response to the deregulation of the global financial services sector. Deregulation allowed banks and other financial institutions to sell life insurance products and vice versa. Life insurance companies responded to this increased competition by diversifying their product ranges to include a broader range of financial

⁵³ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, pp.145-147.

⁵⁴ Sanlam: *Chairman's address*, 20 March 1985, pp.13, 19; G. Verhoef: *The invisible hand: The roots of black economic empowerment, Sankorp and societal change in South Africa, 1985-2000*, pp. 27-29.

⁵⁵ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.148, 154-155, 157.

services.⁵⁶ A similar process of deregulation and product diversification occurred in the South African financial services sector. The appointment of the De Kock (1977) and Du Plessis (1981) Commissions of enquiry into the financial services industry led to the redrafting of the 1965 Bank and Building Societies Acts and brought the operations of these two types of financial institutions as well as that of different types of banks closer together.⁵⁷

The Financial Institutions Amendment Act No 106 of 1985 removed explicit divisions between different types of banks that were imposed by the 1965 Bank Act.⁵⁸ Statutory distinctions between banks and building societies were removed and all deposit-taking institutions were subjected to the same regulatory principles under the Banks Act of 1987.⁵⁹ “Progressively barriers between banks and building societies and between different types of banks were becoming less distinct. The financial services industry was determinedly being pushed towards a more competitive future.”⁶⁰

Sanlam also formed strategic alliances with international companies to promote product diversification. In 1995 Sanlam reached an agreement with Alliance Capital – one of the largest asset management companies in the USA which gave Sanlam access to international research and portfolio management expertise and made it possible for Sanlam’s clients to invest in American companies.⁶¹ By the late 1990s Sanlam offered a broad range of financial services and products which included risk management, trusts, savings and investment products, asset management, banking products, short-term insurance and group scheme, retirement fund and medical scheme underwriting and administration.⁶²

⁵⁶ J. Carmichael & M. Pomerleano: *The development and regulation of Non-bank financial institutions*, p.8; M. Kohn: *Financial institutions and markets*, pp.236-238; C.T. Minnaar: *Strategic marketing management in the financial services industry*, pp.12, 14-15, 30, 32, 38.

⁵⁷ C.T. Minnaar: *Strategic marketing management in the financial services industry*, pp.22-32; G. Verhoef: *Concentration and competition: The changing landscape of the banking sector in South Africa, 1970-2007*, pp.173-174, 182.

⁵⁸ G. Verhoef: *Concentration and competition: The changing landscape of the banking sector in South Africa, 1970-2007*, p.174.

⁵⁹ *Ibid*, p.182.

⁶⁰ *Ibid*, p.32.

⁶¹ Sanlam: *Chairman’s address*, 1995, p.9.

⁶² Sanlam: *Annual Report*, 1998.

As was the case with its investments Sanlam restructured its life insurance and financial services function into separate business units to improve focus and efficiency. In 1998 the Sanlam Group comprised of four core businesses namely: Sanlam Personal Finance, Sanlam Employee Benefits, Sanlam Health and Gensec. Sanlam Personal Finance provided life insurance, retirement annuities, savings products, unit trusts, linked products and trust services to individuals through Sanlam Life, Sanlam Unit Trusts, Sanlam Personal Portfolios and Sanlam Trust.⁶³ Sanlam Employee Benefits provided investment and risk products to group funds and schemes. It also provided administration, actuarial and consulting services to the group retirement industry as well as payroll administration and money transfer services.⁶⁴ Sanlam Health provided underwriting, risk management and administration services to members of medical schemes.⁶⁵ Gensec, a financial services provider in which Sanlam had a 65% shareholding was responsible for equity-related activities, investment banking, property services and asset management.⁶⁶ In addition Sanlam had interests in the short-term insurer Santam and in the commercial bank ABSA.⁶⁷

In 2003 Sanlam acquired Merchant Investors Company, a UK based life insurance and asset management company and specialist provider of individual pension and life insurance products which gave Sanlam access to the UK market and allowed Sanlam to invest in international operations.⁶⁸ In 2004 the Group was organised into four business clusters each focusing on a specific area of business: the Life Insurance Cluster, the Short-term Insurance Cluster, the Investment Cluster and the Independent Financial Services Cluster. The Life Insurance Cluster included Sanlam Individual Life and Sanlam Employee Benefits. Sanlam Individual Life provided individual life insurance and personal financial services and products including estate planning and trusts, home loans, personal loans, linked products and money transfer services. Sanlam Employee Benefits provided life insurance, investment and annuity products and administration services for group schemes and retirement funds.⁶⁹ The Short-term Insurance Cluster comprised of Sanlam's shareholding in Santam, South Africa's

⁶³ *Ibid*, pp. 4, 17.

⁶⁴ *Ibid*, pp.4, 23.

⁶⁵ *Ibid*, pp.4, 27.

⁶⁶ *Ibid*, pp.2, 31.

⁶⁷ *Ibid*, p.4.

⁶⁸ *Sandaba*, July 2004, p.3.

⁶⁹ Sanlam: *Annual Report 2004*, p.3.

leading short-term insurer of personal, corporate and commercial markets.⁷⁰ The Investment Cluster was driven by Sanlam Investment Management. This cluster incorporated Sanlam's investment-related businesses in South Africa, the United Kingdom, Europe and Namibia. It provided asset management, alternative investment products, property asset management, collective investments, private client investment management and stockbroking, multi-manager management and investment administration services.⁷¹ The Independent Financial Services Cluster invested in independent customer-facing entities and intermediary businesses in the financial services industry that were not Sanlam branded. It provided independent financial advice as well as the distribution and packaging of financial services to high growth segments and independent consulting and actuarial services in the employment benefit market.⁷²

1.2.2.2 Ownership structure

Changes in Sanlam's investment strategy and its transformation from a life insurer to a diversified financial services group were accompanied by changes in its ownership structure. Sanlam operated as a mutual company from its inception in 1918 although Santam had provided most of the start up capital for the establishment of Sanlam and was its major shareholder. Operating on the mutual principle meant that Sanlam did not issue a dividend to its shareholders, but distributed its "profits" amongst its policyholders by way of a bonus.⁷³ This formed part of its vision of operating as a truly national institution and ensuring that ownership of the company remained in local hands and that the locals benefitted from its business.⁷⁴

Sanlam separated from its parent company Santam and was legally incorporated into a fully mutual company with the proclamation of the Sanlam Private Act No 3 of 1954. Sanlam paid an amount of £50 000 to Santam for the release of its shares in Sanlam thereby legally transferring ownership of the company from its major shareholder and parent company

⁷⁰ *Ibid.*

⁷¹ *Ibid.*

⁷² *Ibid.*

⁷³ Sanlam: *Memorandum and Articles of Association*, 1918.

⁷⁴ Sanlam: *Chairman's address*, 23 December 1919; 22 December 1920, 21 December 1921, 8 December 1922.

Santam to its policyholders.⁷⁵ The legal incorporation of Sanlam into a mutual company made practical and business sense as Sanlam was expanding and was becoming increasingly independent of its parent company Santam. By this stage Sanlam had acquired its own head office building in Bellville and had many of its own senior officials – it had previously shared these with Santam. By the 1950s Sanlam’s assets had grown significantly of which Santam owned an insignificant share.⁷⁶ Yet Santam was involved in the management of these assets. As its assets grew Sanlam wanted more direct involvement in the management of its assets and with its investors and borrowers who were also potential clients.⁷⁷ The legal incorporation of Sanlam into a mutual company secured its status as a national institution with ownership of the company retained within the country and policyholders sharing in its profits. It also followed the international trend of mutual life insurance companies.

Another major change in Sanlam’s ownership structure took place in 1998 when the Group demutualised and listed on the Johannesburg and Namibian stock exchanges.⁷⁸ This effectively meant that the group sold shares in Sanlam to the public and transformed from a mutual entity to a listed company with share capital.⁷⁹ The motive for this change in ownership structure was to give Sanlam access to other sources of external capital to fund its expansion into a diversified financial services group. Under the mutual structure capital could only be accessed from premium income and investment earnings.⁸⁰ Another prominent South African life insurance company Old Mutual demutualised in the 1999. Demutualisation was a global trend in the life insurance industry in the 1980s and 1990s as life insurers transformed into diversified financial services providers.⁸¹ Another motive for Sanlam’s demutualisation was to give a greater number of South Africans a stake in the group’s future as shareholders. Shares in Sanlam were sold to 2.2 million South Africans.⁸²

⁷⁵ *Ibid.*, 3 February 1954, pp.6-7; 16 February 1955, p.2; Sanlam: *Special Committee Meeting minutes*, 17 February 1954, pp.1-2; Sanlam: *Private Act 1954*, p.3.

⁷⁶ Sanlam: *Special Committee meeting*, 17 February 1954, p.2.

⁷⁷ *Ibid.*; J.P. Scannell: *Uit die volk gebore: Sanlam se eerste vyftig jaar*, pp.76-78; Sanlam: *Private Act 1954*, p.3.

⁷⁸ Sanlam: *Annual Report 1998*, pp.7-8.

⁷⁹ *Ibid.*

⁸⁰ *Ibid.*, pp.2, 7-8; Sanlam: *Annual Report 1997*, p.13; *Bloudruk*, February 1998, pp.6-7; M.J. Keneley: *Adaption and change in the Australian life insurance industry: An historical perspective*, pp.102-103; M.J. Keneley: *The evolution of the Australian life insurance industry*, p.164.

⁸¹ M.J. Keneley: *Adaption and change in the Australian life insurance industry: An historical perspective*, pp.99, 106-107; M.J. Keneley: *The evolution of the Australian life insurance industry*, pp.164-165; O. Erhemjamts & J. Tyler Leverty: *The demise of the mutual organizational form: An investigation of the life insurance industry*, pp.1011-1012.

⁸² Sanlam: *Annual Report 1998*, pp. 7-8.

1.3 Current Group structure and functions

Today Sanlam is a leading life insurance and financial services group in South Africa. It not only conducts business throughout South Africa, but has business interests elsewhere in Africa, Europe, India, Australia and the United States. At the end of 2008 Sanlam had R409 billion assets under its management.⁸³ In 2009 the Group's share of the South African market was 18.5% and in 2010 its new business volumes exceeded R100 billion for the second consecutive year.⁸⁴

Sanlam has retained its group structure comprising of separate business units conducting different types of business and functions. Currently the Group is comprised of four main operating clusters: Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments and Santam. Sanlam Personal Finance is responsible for Sanlam's retail business in South Africa. It provides clients from the entry-level, middle and affluent markets with a comprehensive range of financial solutions.⁸⁵ Sanlam Emerging Markets is responsible for Sanlam's financial business services in emerging markets outside of South Africa with the aim of ensuring sustainable delivery and growth across the various businesses that make up this cluster.⁸⁶ Sanlam Investments provides individual and institutional clients in South Africa, the United Kingdom and elsewhere in Europe, the United States and Australia with access to a comprehensive range of specialised investment and risk management expertise through six sub-clusters and their businesses.⁸⁷ Sanlam provides short-term insurance products to a diverse market in South Africa and in collaboration with Sanlam Emerging Markets, elsewhere in Africa and India, through its effective 60% interest in Santam. Santam is South Africa's leading short-term insurer with a market share of 23%.⁸⁸

⁸³ Sanlam: *Annual Report 2009*, pp.1,12.

⁸⁴ Data on the market share of South African life insurers compiled by David Barnes: Head of Investor Relations, Sanlam Group Finance; Sanlam: *Annual Report 2010*.

⁸⁵ Sanlam: *Annual Report 2011*.

⁸⁶ *Ibid.*

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*

1.4 Literature review

1.4.1 International historiography

1.4.1.1 Historical development and globalisation

The international literature on the history of life insurance traces the origin and historical development of the industry. It traces this history from its earliest forms in ancient and medieval times to the emergence of the modern life insurance industry based on actuarial principles in Britain in the late eighteenth century and its spread to other parts of the world in the nineteenth and twentieth centuries. This description of the roots of the industry is important in broadening our understanding of the forces that shaped the life insurance industry as we know it today. The globalisation of life insurance in the nineteenth and twentieth centuries is an area of research that has interested historians in recent times and marks a movement away from traditional accounts of the history of the industry that focused on its development in Britain. It is an area of research that holds particular relevance for this study on the history of Sanlam – a local South African life insurance company that was established in an industry with a British origin and presence.

Wilkins (2009) identifies life insurance companies as early examples of multinational enterprises (MNEs) because of their movement into international markets from the early nineteenth century.⁸⁹ An earlier study by Borscheid and Pearson (2007) also refers to this role of life insurance companies as early forms of MNEs, but it is an area that requires further research by insurance historians.⁹⁰ Pearson (2010) identifies a number of questions or issues raised by historians studying the globalisation of life insurance. Who were the main exporters of life insurance? Where did they export to? What was their motive? What promoted or facilitated their entry into foreign markets? What was the nature of their business in these foreign markets? How were they received and how did they perform there? How did their performance there compare with their performance in their domestic markets? How did life insurance compare with other forms of insurance business transacted abroad? What factors

⁸⁹ M. Wilkins: *Multinational enterprise in insurance: An historical overview*, pp.334, 349.

⁹⁰ P. Borscheid & R. Pearson (Eds.): *Internationalisation and globalisation of the insurance industry in the 19th and 20th centuries*.

hindered the globalisation of life insurance or saw the decline of foreign companies and the rise of local ones?⁹¹

Traditionally Britain has been identified as the main exporter of life insurance with prominent British companies like Alliance Assurance, Gresham Life, Royal & Liverpool and London & Globe leading the exportation of life insurance in the nineteenth century. British companies typically established branches in the colonies including Australia, Canada and South Africa with English speaking populations and similar conditions to their home country. But Britain was not the only exporter of life insurance. Blainey (1999) looks at Australian Mutual Provident's (AMP) operations in New Zealand in the nineteenth century.⁹² Pearson (2010) refers to a second wave of globalisation that took place in the late twentieth century as the life insurance and financial services industry worldwide became more deregulated making it easier for companies to cross national borders.⁹³

Pearson (2010) identifies a number of factors which promoted or facilitated the spread of life insurance in the nineteenth and twentieth centuries. For this he draws on the theory of MNEs. These factors included improved transport and communication which made it easier for life insurance companies to enter foreign markets. It was a period of economic development and the expansion of world trade. Improved health care meant that it was less risky to pursue foreign markets. In pursuing foreign markets life insurance companies had a strong profit motive. They wanted to increase their market share. Another reason for pursuing foreign markets was common affiliations between countries as can be seen with the establishment of branches of British companies in the colonies.⁹⁴

The decline of foreign companies and the rise of local ones is an area that has attracted interest amongst insurance historians in recent times. Pearson (2010) identifies some of the factors which contributed to this. This included the introduction of protectionist policies by local governments or regulatory bodies in the form of taxes or legislation which

⁹¹ R. Pearson: *Introduction: Towards an international history of insurance*, p.13.

⁹² G. Blainey: *A history of AMP 1848-1998*, p.xii.

⁹³ R. Pearson: *Introduction: Towards an international history of insurance*, pp.19-20.

⁹⁴ *Ibid*, pp.14, 17-18.

discriminated against foreign companies and made it more difficult or costly for them to do business abroad and thereby promoting the development of local companies.⁹⁵ Abreu and Fernandes (2010) look at the role that state intervention and regulation played in crowding foreign companies out of the Brazilian life insurance market in the twentieth century.⁹⁶ Keneley (2001) describes the role that the introduction of a probate duty on the policies of British companies in 1844 played in reducing the number of British life insurance companies operating in Australia during the latter part of the nineteenth century.⁹⁷ In the United States regulatory measures were introduced not only to curb foreign business, but also between states within the country. Merkel (1991) discusses discriminatory legislation and taxes that were introduced to restrict interstate life insurance business in the United States in the mid-nineteenth century. Furthermore he describes the industry's response to these discriminatory measures and its efforts to introduce universal legislation and promote free trade across state lines.⁹⁸ Pearson (2010) identifies war and the spirit of nationalism awoken by such an event as another factor which stimulated the rise of local life insurance industries. This was the case in countries such as Australia, Canada and South Africa following the First World War.⁹⁹ Keneley (2001 and 2005) attributes the rise of local life insurance companies in Australia in the latter half of the nineteenth century to a slack attitude by British life insurance companies operating there. These companies were not prepared to invest resources in selling this type of insurance. They were mostly composite companies that focused on general and fire insurance and life insurance was just an adjunct to their main business. The number of British life insurance companies operating in Australia halved from eighteen in 1869 to nine in 1880 and by 1893 there were no British life insurance companies operating in Australia. Confidence in British companies was shaken by the collapse of Albert Life in 1869 and the European Assurance Society the following year. This reinforced the preference for local companies.¹⁰⁰ These examples are important in shaping our understanding of the types of factors which are likely to have influenced the development of the local life insurance industry in South Africa of which Sanlam formed a part.

⁹⁵ *Ibid*, p.18.

⁹⁶ M. de P. Abreu & F.T. Fernandes: *The insurance industry in Brazil: A long-term view*, pp.33-34.

⁹⁷ M.J. Keneley: *The evolution of the Australian life insurance industry*, p.148.

⁹⁸ P.L. Merkel: *Going national: The life insurance industry's campaign for federal regulation after the Civil War*, pp.528-554.

⁹⁹ R. Pearson: *Introduction: Towards an international history of insurance*, pp.19-20.

¹⁰⁰ M.J. Keneley: *The evolution of the Australian life insurance industry*, p.148, 162; M.J. Keneley: *Control of the Australian life insurance industry: An example of regulatory externalities within the Australian financial sector 1870-1945*, pp.4-5.

1.4.1.2 State of life insurance history around the world

The literature is not only concerned with the overall historical development of the life insurance industry, but also with its development in specific countries or regions and with that of specific companies. Much of the existing historiography on life insurance is based on company histories i.e. commemorative works celebrating significant anniversaries. These types of sources are usually produced internally for promotional purposes and are not thoroughly researched, reliable sources of information on the history of life insurance. Therefore there is room for additional academic research on the history of life insurance and in particular that of individual companies. This study on the history of Sanlam contributes to this academic research.

Much of the existing literature on the history of life insurance focuses on its development in Britain – the birthplace of modern life insurance. Raynes (1964) provides an overview of the historical development of insurance in Britain which includes life insurance.¹⁰¹ Clark (1999) studies the early development of life insurance in Britain in the seventeenth and eighteenth centuries when it was still a speculative activity.¹⁰² The development and expansion of the modern life insurance industry in Britain in the nineteenth and early twentieth centuries is covered by Alborn (2009), Gosden (1961) and Johnson and Murphy (1957).¹⁰³ These general studies are complemented by studies which address certain themes in the history of the British life insurance industry. These themes include innovation, asset management, corporate growth, structural change and the role of life insurers in the capital market.¹⁰⁴ The histories of individual life insurance companies in Britain have also been studied. This includes the histories of the Royal Insurance Company, the Equitable Life Assurance Society, the Norwich Union Life Insurance Society, The Sun Insurance Company, Prudential and the Scottish life insurance companies Standard Life and the Scottish Mutual Assurance

¹⁰¹ H.E. Raynes: *A history of British insurance*.

¹⁰² G. Clark: *Betting on lives: The culture of life insurance in England, 1696-1775*.

¹⁰³ T. Alborn: *Regulated lives: life insurance and British society, 1800-1914*; P. Gosden: *The friendly societies in England 1815-1875*; J. Johnson & G.W. Murphy: *The growth of life assurance in UK since 1880*.

¹⁰⁴ M. Baker & M. Collins: *The portfolio composition of British life insurance firms, 1900-1965*; G. Clayton: *The role of British life assurance companies in the capital market*; R. Pearson: *Towards an historical model of services innovation: The case of the insurance industry, 1700-1914*; B. Supple: *Corporate growth and structural change in a service industry: Insurance 1870-1914*.

Society.¹⁰⁵ It is evident from these examples that only a handful of prominent companies have received scholarly attention and that additional research is needed.

The literature includes studies on the history and development of the life insurance industry in other industrialised regions including Europe where some of the earliest life insurance companies were established. Hautcoeur (1998, 1999 and 2004) and Fourastié (1944 and 1947) have written on the history and development of the life insurance industry in France, Verbruggen (1996) on its history in Belgium, Horstman (2001) on its history in the Netherlands and Feldman (2006) on its history in Germany.¹⁰⁶ Despite its historical significance as the location of some of the earliest life insurance companies, the history of the life insurance industry in Europe remains under-researched.

A growing body of literature has emerged on the history of the life insurance industry in the United States. Some important general contributions on the history of the industry have been made by Jencks (1843), Buley (1953) and Murphy (2002 and 2010).¹⁰⁷ Jencks and Murphy provide insights into the nature of the industry in the nineteenth century, while Buley studies the first half of the twentieth century.¹⁰⁸ In terms of particular themes, Murphy (2006) and Zelizer (1978 and 1979) study the impact that changing cultural and social attitudes towards

¹⁰⁵ J. Butt: *Life insurance in the war and depression: The Standard Life Insurance Company and its environment 1914-39*; L. Dennett: *A sense of security: 150 years of Prudential*; P.G.M. Dickson: *The Sun Insurance Office, 1710-1960: The History of two and a half centuries of British insurance*; J.H. Treble: *The performance of the Standard Life Assurance Company in the ordinary market for life insurance, 1825-50*; J.H. Treble: *The record of the Standard Life Assurance Company in the life insurance market of the United Kingdom, 1850-64*; M. Moss: *The building of Europe's largest mutual life company: Standard Life, 1825-2000*; M. Ogborn: *Equitable assurances: The story of the Equitable Life Assurance Society, 1762-1962*; P. Pugh: *Absolute integrity: The story of the Royal Insurance Company 1845-1995*; R.J. Ryan: *A history of the Norwich Union Fire and Life Insurance Societies from 1797-1914*; R.J. Ryan: *The early expansion of the Norwich Union Life Insurance Society, 1808-37*.

¹⁰⁶ G.D. Feldman: *Allianz and the German insurance business, 1933-1945*; J. Fourastié: *Le contrôle de l'Etat sur les sociétés d'assurances*; J. Fourastié: *Les assurances in La France économique de 1939 à 1946*; P-C. Hautcoeur: *Efficiency, competition and the development of life insurance in France (1870-1939) Or: should we trust pension funds?*; P.C. Hautcoeur: *Asymétries d'information coûts de mandat et financement des entreprises françaises (1890-1936)*; P-C. Hautcoeur & P. Verley: *Les placements des compagnies françaises d'assurance vie (1860-1939)*; K. Horstman: *Public bodies, private lives: The historical construction of life insurance: health risks and citizenship in the Netherlands, 1880-1920*; G.D. Feldman: *Allianz and the German insurance business, 1933-1945*; P. Verbruggen: *The mutualist movement in Belgium*.

¹⁰⁷ R.C. Buley: *The American life convention, 1906-1952: A study of the history of life insurance*; T.R. Jencks: *Life insurance in the United States*; S.A. Murphy: *Investing in life: Insurance in antebellum America*; S.A. Murphy: *Life insurance in the United States through World War I*.

¹⁰⁸ *Ibid.*

death had on the demand for life insurance in the United States.¹⁰⁹ Murphy (2005) studies the relationship between industrialisation and the demand for life insurance in the United States and insurance of the lives of slaves.¹¹⁰ Stalson (1942) studies the history of marketing in the life insurance industry in the United States.¹¹¹ North (1952), Ransom & Sutch (1986), Merkel (1991) and Zanjani (2003) study the impact of the Civil War on the American life insurance industry including its impact on regulation, capital accumulation, innovation and demand.¹¹² Ranger-Moore (1997) studies the relationship between the age or longevity of New York life insurance companies and their size and performance.¹¹³ The American historiography includes studies on the history of individual life insurance companies. Many of these companies are mutual companies or New York based. Examples include New England Life – America’s first chartered mutual life insurance company, the New York Life Insurance Company, the Equitable Life Assurance Society, the Mutual Life Insurance Company of New York, the Metropolitan Life Insurance Company, the Prudential Insurance Company and the Northwestern Mutual Life Insurance Company.¹¹⁴ Of particular interest for this study on the history of Sanlam are the histories of the Guardian and the North Carolina Mutual Life Insurance Companies. The Guardian Life Insurance Company is an American company with a German origin. It was established by a German immigrant in 1860. It was originally called the Germania Life Insurance Company.¹¹⁵ Rapone (1987) explains how Germania Life established a niche market amongst the German speaking population in the United States during its early years. This can be compared to Sanlam’s presence in the Afrikaans speaking

¹⁰⁹ V.A. Zelizer: *Morals and markets: The development of life insurance in the US*; V.A. Zelizer: *The development of life insurance in the United States: A sociological analysis*; V.A. Zelizer: *Human values and the market: The case of life insurance and death in 19th century America*; S.A. Murphy: *Security in an uncertain world: Life insurance and the emergence of modern America*.

¹¹⁰ S.A. Murphy: *Securing human property: Slavery, life insurance and industrialisation in the Upper South*.

¹¹¹ J. Stalson: *Marketing life insurance: Its history in America*.

¹¹² P.L. Merkel: *Going national: The life insurance industry’s campaign for federal regulation after the Civil War*; D. North: *Capital accumulation in life insurance between the Civil War and the investigation of 1905*; R.L. Ransom & R. Sutch: *Tontine insurance and the Armstrong investigation: A case of stifled innovation, 1868-1905*; G.H. Zanjani: *The rise and fall of the fraternal life insurer: Law and finance in US life insurance 1870-1920*.

¹¹³ J. Ranger-Moore: *Bigger may be better, but is older wiser? Organisational age and size in the New York life insurance industry*.

¹¹⁴ F. Abbott: *The story of the NCLIC: A history of the origin and development of the New York Life Insurance Company from 1845 to 1929*; R.C. Buley: *The Equitable Life Assurance Society of the United States 1859-1964*; S.B. Clough: *A century of American Life Insurance: A history of the Mutual Life Insurance Company of New York, 1843-1943*; L.I. Dublin: *A family’s thirty million: The story of the Metropolitan Life Insurance Company*; H.R. Grant: *A capital ship: New England Life, A history of America’s first chartered mutual life insurance company, 1835-1985*; J.M. Hudnut: *Semi-centennial history of the New York Life Insurance Company, 1845-1895*; M. James: *The Metropolitan Life: A study of business growth*; C. May & W. Oursler: *The Prudential: A story of human security*; Metropolitan Life Insurance Company: *Its history, its present position in the insurance world: Its home office building and its work carried on therein*; O.A. Smalley & H.F. Williamson: *Northwestern Mutual Life: A century of trusteeship*.

¹¹⁵ G.D. Smith & R.E. Wright: *The Guardian and Life Insurance in America*.

market during its foundation years. Germania Life would shed much of its German image in response to the outbreak of World War I when it became unpopular to support German institutions.¹¹⁶ Again this can be compared to the way in which Sanlam gradually shed its image as an Afrikaans company from the 1960s and especially following the change in government in the 1990s. Weare's (1993) study on the history of the North Carolina Mutual Life Insurance Company – one of the first African American life insurance companies in the United States is a social history which focuses on the client profile of this company.¹¹⁷ This is an area that has traditionally been neglected by insurance historians who tend to focus on the political, economic and managerial aspects of life insurance companies. Therefore it is a useful source to consult for this study on the history of Sanlam's client base. Weare writes African Americans into the history of life insurance in the United States as this study on Sanlam writes Afrikaners into the history of life insurance in South Africa – an industry which traditionally had a strong English presence. As the socio-political climate in South Africa changed so did Sanlam's client base. This was also the case with the North Carolina Mutual Life Insurance Company. Although it initially focused on the African American market, it later moved into the mainstream market.¹¹⁸

In terms of the history of life insurance in other industrialised regions, Yoneyama has written on the history of the industry in Japan including a company history on Nippon Life (1991) and a general study on policyholders in the early history of the Japanese life insurance industry (2010).¹¹⁹ Importantly Yoneyama places his analysis of the Japanese life insurance industry in the context of the changing political, social and economic climate in Japan. He is particularly interested in the impact that World War II had on the Japanese life insurance industry.

As has already been mentioned there is much academic interest in the globalisation of life insurance in the nineteenth century. From this studies on the history and development of life insurance in the colonies including Canada and Australia have emerged. Drummond (1962)

¹¹⁶ A. Rapone: *The Guardian Life Assurance Company 1860-1920*.

¹¹⁷ W. Weare: *Black business in the New South: A social history of the North Carolina Mutual Life Insurance Company*.

¹¹⁸ *Ibid.*

¹¹⁹ T. Yoneyama: *Policyholders in the early business of Japanese life assurance: A demand side study*; T. Yoneyama: *The 100 year history of Nippon Life: Its growth and socio-economic setting 1889-1989*.

studied the relationship between life insurance companies and the capital market in Canada from the late nineteenth century through to World War I.¹²⁰ Di Matteo and Herbert Emery (2002) studied life insurance demand in Ontario during in the late nineteenth century.¹²¹

A few general studies on the history of the life insurance industry in Australia have been identified. Thodey (1928), Morton (1929), Spratt (1968) and Gray (1977) provide an overview of the historical development of the industry. They identify key phases in the history of the Australian life insurance industry including the formation of the early philanthropic and charitable organisations, the establishment of branches of British companies and the establishment of local companies in the second half of the nineteenth century.¹²² Cromwell and Green (1984) specifically study the history of friendly societies in Australia and their role in providing social benefits to the public in the absence of such provision by the state.¹²³ Grant (1964 and 1974) takes a broader look at the development of the insurance industry in Australia including general insurance, life insurance and superannuation funds.¹²⁴ More recently Keneley (2001 and 2004) traces the historical development of the industry to place structural changes that took place in it in the late twentieth in historical context.¹²⁵ Keneley (2002, 2006 and 2009) has written on changes in the labour management, asset management and ownership structure of Australian life insurance companies as well as the role that external forces such as legislation and regulation play in the industry.¹²⁶ In terms of the history of individual companies a number of studies have been done on the history of Australian Mutual Provident (AMP) – one of Australia’s

¹²⁰ I.M. Drummond: *Canadian life insurance companies and the capital market, 1890-1914*.

¹²¹ L. Di Matteo & J.C.H. Herbert Emery: *Wealth and the demand for life insurance: Evidence from Ontario, 1892*.

¹²² A. Gray: *Life insurance in Australia*; P.H. Morton: *Life insurance companies in Australia*; R. Thodey: *Life insurance in Australia*; W. Spratt: *Lessons learned: British, American & colonial life insurance in Australia*.

¹²³ L. Cromwell & D. Green: *Mutual aid or welfare state: Australia’s friendly societies*.

¹²⁴ J. McB. Grant: *Life insurance and superannuation funds*; J. McB. Grant: *Life assurance, general insurance and private superannuation funds*.

¹²⁵ M.J. Keneley: *Adaption and change in the Australian life insurance industry: An historical perspective*; M.J. Keneley: *The evolution of the Australian life insurance industry*.

¹²⁶ M.J. Keneley: *Control of the Australian life insurance industry: An example of regulatory externalities within the Australian financial sector 1870-1945*; M.J. Keneley: *Demutualisation in the life insurance industry: A preliminary assessment*; M.J. Keneley: *Labour management practices of an Australian life insurer to 1940*; M.J. Keneley: *Mortgages and bonds: The asset management practices of Australian life insurers to 1960*; M.J. Keneley: *Organisational capabilities and the role of routines in the emergence of a modern life insurer: The story of the AMP*.

oldest and most successful life insurance companies.¹²⁷ This follows the general trend in the life insurance historiography which favours large, prominent and successful companies. This study on the history of the South African life insurance company Sanlam contributes to this area of research which studies the development of life insurance in the colonies.

The development of life insurance in underdeveloped regions or regions with non-traditional views on death is an area which requires further research. Recently studies have emerged on the history of the industry in Brazil and India. Studies by Abreu and Fernandes (2009) and Saes and Gambi (2009) cover the formation and historical development of the Brazilian life insurance industry through the nineteenth century, while Levy and Pereira (2007) cover more recent developments in the industry in the twentieth century.¹²⁸ Jitschin (2010) studies nationalisation in the Indian life insurance industry in the mid-twentieth century and the impact thereof.¹²⁹ This study on the history of Sanlam contributes to the research on the history of life insurance in Africa – an underdeveloped region and a region in which certain sections of the population have non-traditional views on death. It is also a region that has received little exposure in the international historiography.

1.4.1.3 Topics and themes

Historians are not only interested in the historical development of life insurance and its diffusion across the world. They are also interested in studying changes in the functioning of life insurance companies and the industry as a whole. This includes changes in demand, ownership structure, organisational structure and asset management. These changes are explained in terms of both internal processes such as management and strategy and in terms of the interaction between life insurance companies and their external environments. Historians are also concerned with the impact that life insurance companies in turn have on the environments in which they function. This focus on internal factors to explain changes in the life insurance industry draws on the theory of Alfred Chandler. In *Strategy and structure*

¹²⁷ G. Blainey: *A history of AMP*; M.J. Keneley: *Monitoring and motivating outworkers: The case of AMP and the sale of industrial insurance*; B. Williams: *Some aspects of life insurance with particular reference to the AMP Society c.1925-1938*.

¹²⁸ M. de P. Abreu & F.T. Fernandes: *The insurance industry in Brazil: A long-term view*; A. Levy & P.C. Pereira: *Recent developments in the Brazilian insurance market*; A.M. Saes & T.F.R. Gambi: *Securing capital: The formation of insurance firms in Brazil (1808-1864)*.

¹²⁹ A. Jitschin: *From economic to political reality: forming a nationalized Indian life insurance market*.

(1962) Chandler attributes changes in the organisational structure of firms to changes in their strategic direction. These strategies are devised and implemented by managers, owners and entrepreneurs and involve the allocation of resources and strategic changes to achieve certain goals and improve performance.¹³⁰ The focus on the interaction between life insurance companies and their political, economic and social environments follows a more recent trend in business history away from the Chandlerian approach to broader research agendas.¹³¹ Pearson (2010) also highlights the role that external factors and different cultural settings play in shaping perceptions, demand and consumption of life insurance.

“With the exception of a few pioneering works on life insurance, historians have not really begun to explore how consumers and suppliers of insurance in the past have factored in world view and cultural bias when buying or selling cover against different types of risk. The relative balance of influence between cultural perceptions of hazards and scientific knowledge of hazards is likely to have changed considerably over time in different societies according to a wide variety of external factors such as education, standards of living, lifestyle, economic structures and political institutions.”¹³²

For the purposes of this study, both internal and external factors will be considered when explaining changes in Sanlam’s client base over time. Examples of the types of internal and external factors that affect life offices can be identified in the international historiography.

Stalson (1942) and Zelizer (1979) attribute growth in the American life insurance industry in the 1840s to more aggressive marketing techniques adopted by mutual life insurance companies at the time.¹³³ “The ‘rags-to-riches’ transformation of life insurance in the mid-century can be unequivocally attributed to the employment of thousands of active high

¹³⁰ G. Jones & J. Zeitlin (eds): *The Oxford handbook of business history*, pp.1-2, 12, 67, 98.

¹³¹ *Ibid*, p.2.

¹³² R. Pearson: *Introduction: Towards an international history of insurance*, p.2.

¹³³ J.O. Stalson: *Marketing life insurance: Its history in America*; V.A. Zelizer: *Morals and markets: The development of life insurance in the United States: A sociological analysis*, p.142.

pressure salesmen.”¹³⁴ According to Murphy (2002) these mutual life insurance companies appealed to the public as they were seen as existing for the mutual benefit of their policyholders and serving their best interests. Innovative marketing was complemented by innovative products, which explains further growth from the 1870s. This included the introduction of industrial insurance and non-forfeiture and cash surrender options. Expansion into foreign markets explains growth in the early twentieth century.¹³⁵ Ranger-Moore (1997) studied the relationship between organisational size and the performance of life insurance companies operating in New York in the nineteenth and twentieth centuries. He found that larger firms performed better, responded better to market fluctuations and had a longer lifespan than smaller firms. The success of large firms explains the emergence of oligopolies and concentration in the life insurance industry.¹³⁶ Pearson (1997) and Scott (2002) attribute the diversification of investments by British life insurance companies from the eighteenth to the twentieth centuries to internal factors such as their financial position, the availability of management expertise, asset depreciation fears and product innovation which required capital.¹³⁷

Historians also analyse the interaction between life insurance companies and the state when explaining phenomena such as demand. Gottlieb (2007) and Cromwell and Green (1984) attribute the rise of friendly or cooperative societies providing low cost accident and death benefits to workers in nineteenth century France and Australia to the absence of such provision by the state.¹³⁸ Historians also consider the impact that legislation and regulation has had on the industry, whether state imposed or introduced by the industry itself. Hautcoeur (2004) attributes stagnation of the French life insurance industry in the late nineteenth and early twentieth centuries to a conservative investment strategy which resulted in low returns and reduced public confidence. This conservative investment strategy was the result of a strict regulatory environment and the emergence of a stable oligopoly of companies from the

¹³⁴ V.A. Zelizer: *Morals and markets: The development of life insurance in the United States: A sociological analysis*, p.142.

¹³⁵ S.A. Murphy: *Life insurance in the United States through World War I*.

¹³⁶ J. Ranger-Moore: *Bigger may be better, but is older wiser? Organizational age and size in the New York life insurance industry*, pp.903-904, 917.

¹³⁷ R. Pearson: *Towards a historical model of services innovation: The case of the insurance industry, 1700-1914*, pp.235, 253-255; P. Scott: *Towards the 'cult of equity' Insurance companies and the interwar capital market*, p.103.

¹³⁸ L. Cromwell & D. Green: *Mutual aid or welfare state: Australia's friendly societies*, p.XIV; D. Gottlieb: *Assymmetric information in late 19th century cooperative insurance societies*, pp:270-273, 288.

1880s onwards that imposed these regulations and barriers to entry. They thereby blocked access of competitors and maintained a hold on the small life insurance market.¹³⁹ Murphy (2002) attributes increased demand for life insurance in the United States in the 1840s to the liberalisation of life insurance legislation. This included legislative changes to make life insurance more accessible to women. New York based life insurance companies were the pioneers in introducing these changes.¹⁴⁰ Furthermore the introduction of insurance departments in New York and Massachusetts in the mid nineteenth century that oversaw the industry and the Armstrong Committee investigation into the New York industry in 1905 and the regulation that followed raised public confidence in the life insurance industry.¹⁴¹ Murphy (2002) also highlights the role that the Civil War and World War I played in stimulating the growth of the American life insurance industry. While war led to increased death claims it also raised awareness about the importance of taking out life insurance. The willingness of American life insurance companies to accept war risks raised their profile amongst the public.¹⁴² Keneley (2004 and 2009) attributes changes in the organisational and ownership structure of AMP to the deregulation of the financial services sector and accompanying product diversification. AMP adopted a multi-divisional structure from the late 1950s to accommodate product diversification and increased competition. AMP demutualised in the 1990s as product diversification required capital.¹⁴³ Demutualisation was a global trend in the life insurance industry in the 1980s and 1990s as life insurance companies had to find alternative sources of capital beyond premium income and investment returns to fund diversification. This trend also took place in the American life insurance industry as described by Erhemjamts and Tyler Leverty (2010).¹⁴⁴

Historians also consider the role that economic factors play in influencing life insurance demand. Murphy (2005) attributes the emergence of life insurance in the United States in the nineteenth century to the transition from a rural, farming based society to an urban

¹³⁹ P. Hautcoeur: *Efficiency, competition, and the development of life insurance in France (1870-1939) Or: Should we trust pension funds?*, pp.203, 205.

¹⁴⁰ S.A. Murphy: *Life insurance in the United States through World War I*.

¹⁴¹ *Ibid.*

¹⁴² *Ibid.*

¹⁴³ M.J. Keneley: *Adaption and change in Australian life insurance industry: An historical perspective*, pp.91, 106-107; M.J. Keneley: *Organisational capabilities and the role of routines in the emergence of a modern life insurer: The story of AMP*, pp.248-249, 264-265.

¹⁴⁴ O. Erhemjamts & J. Tyler Leverty: *The demise of the mutual organisational form: An investigation of the life insurance industry*.

industrialised one and the dependence that this created on income earned outside of the home.¹⁴⁵ A similar trend can be identified in Australia with the discovery of gold and industrialisation in the mid nineteenth century.¹⁴⁶ Life insurance demand has been linked to class. Along with industrialisation came the emergence of a middle class, which became the primary market for life insurance.¹⁴⁷ Murphy (2005) argues that life insurance had a role to play in the retention of middle class status. Life insurance provided a means of maintaining a middle class standard of living even after the interruption of income. Life insurance offered some sense of security and predictability in an industrialising society in which traditional communal relationships and familiar havens in times of need were fractured.¹⁴⁸ Pearson (1990) argues that the emergence of life insurance in Britain in the nineteenth century was “developed as a product, neither of thrift and self help, but of the expansion of credit facilities among the upper and middle classes particularly in London. Indemnity against loss by death, fraud or bad debt were suggested as compelling reasons why life policies should be taken out, while vast capital reserves and the prospect of high bonus and dividend payments were emphasized to entice shareholders and policyholders alike.”¹⁴⁹ Di Matteo and Herbert Emery (2002) explain life insurance demand in Ontario in 1892 in terms of levels of personal wealth and position in the economic lifecycle. They identified a higher demand for life insurance amongst individuals without accumulated reserves of wealth for the provision of self insurance. This usually occurred early on in the economic lifecycle when income was at its lowest, but the need for life insurance protection was at its greatest.¹⁵⁰ Industrialisation led to technological innovation which further stimulated growth and development of the life insurance industry. Yates (1993) looks at both the role that advances in tabulating machinery played in stimulating growth and development in the life insurance industry and the simultaneous role that life insurance companies played in shaping the development of the tabulating industry in Britain and America in the late nineteenth and early twentieth centuries.¹⁵¹

¹⁴⁵ S.A. Murphy: *Security in an uncertain world: Life insurance and the emergence of modern America*, p.493.

¹⁴⁶ M.J. Keneley: *Control of the Australian life insurance industry: An example of regulatory externalities within the Australian financial sector 1870-1943*, pp.9-10; M.J. Keneley: *The evolution of the Australian life insurance industry*, pp.147, 166.

¹⁴⁷ *Ibid*; S.A. Murphy: *Life insurance in the United States through World War I*.

¹⁴⁸ S.A. Murphy: *Security in an uncertain world: Life insurance and the emergence of modern America*, p.493.

¹⁴⁹ R. Pearson: *Thrift or dissipation? The business of life assurance in the early nineteenth century*, p.253.

¹⁵⁰ L. Di Matteo & J.C.Herbert Emery: *Wealth and the demand for life insurance: Evidence from Ontario, 1892*, pp.446, 464.

¹⁵¹ J. Yates: *Co-evolution of information processing: Technology and use: Interaction between the life insurance and tabulating industries*.

In terms of changes in ownership structure Murphy (2002) attributes the rise of mutual life insurance companies in the United States in the 1840s to the period of financial crisis experienced at the time. Companies struggled to raise the capital required for organisation on a joint stock basis. The mutual ownership structure required little initial capital. Joint stock companies became popular again when such companies operating in New York lobbied for legislation to limit the operations of mutual companies. A law was passed in 1849 which required all new life insurance companies in New York to possess \$100 000 in capital stock.¹⁵² Changes in investment strategies and asset management practices may also be explained by economic factors. Keneley (2006) identifies the underdevelopment of the Australian manufacturing sector at the turn of the twentieth century as one of the main reasons why Australian life insurance companies lagged behind their British counterparts in terms of the diversification of investments into the equity market. This type of economic environment meant that there was limited demand for corporate finance. Australian life insurance companies were also reluctant to diverge from investments in mortgages and government securities because they produced high yields.¹⁵³

Social and cultural forces have also been identified as having an impact on life insurance demand. Zelizer (1978 and 1979) studies the relationship between changing attitudes towards death and life insurance demand in the United States in the nineteenth century. She attributes the limited demand for life insurance in the United States in the early nineteenth century to it being perceived as immoral or suspect. As the economic definition of the value of life became more acceptable, the demand for life insurance increased.¹⁵⁴

The international historiography has identified the types of topics which have previously been studied by historians of the life insurance industry. Much emphasis has been on life insurance demand and the growth and performance of life insurance companies as well as changes in their organisational and ownership structure and in their asset management practices. As yet little research has been done on the client profile of life insurance companies. This study on

¹⁵² S.A. Murphy: *Life insurance in the United States through World War I*.

¹⁵³ M.J. Keneley: *Mortgages and bonds: The asset management practices of Australian life insurers up to 1960*, pp.116-117.

¹⁵⁴ V.A. Zelizer: *Human values and the market: The case of life insurance in 19th century America*, pp.591, 593, 606; V.A. Zelizer: *Morals and markets: The development of life insurance in the United States: A sociological analysis*, pp.142-143.

the history of Sanlam's client base helps to fill this lacuna. The international literature has also identified the types of internal (ownership structure, organisational size, products and marketing), political (state intervention, war, legislation and regulation), economic (industrialisation, market fluctuations, class and technology) and cultural (attitudes towards death) factors that influence life insurance companies. This is useful in informing the types of factors that are likely to have influenced Sanlam's client base over time.

1.4.2 South African Historiography

Despite being one of the oldest sectors of the economy, the history of the life insurance industry in South Africa has not been well documented.¹⁵⁵ This may be attributed to the complex nature of this history and difficulty in accessing sources relevant to the history of the industry. The activities of many of the earlier life insurance companies that operated in the Cape Colony were short-lived in the small and competitive life insurance market. Foreign companies did not always keep complete records of their activities in the Colony. This was further complicated by mergers, take-overs and acquisitions that characterised the industry over time.

“It should be noted that South African companies generally have not preserved their records, which makes it difficult to reconstruct their histories. This problem is compounded by globalisation and corporate mergers and acquisitions across national boundaries. Once a company is merged with another there is even less incentive to retain old documents.”¹⁵⁶

Life insurance companies are not always prepared to make their records available for research. Life insurance companies do not always keep complete records of their activities other than what is legally required. For the purposes of this study on the history of Sanlam unconditional access has been granted to available material in the Sanlam Archives that falls

¹⁵⁵ R.W. Vivian: *A history of the South African Fire & Life Assurance Company*, p.145.

¹⁵⁶ R.W. Vivian: *A history of the London & Lancashire Fire Insurance Company in South Africa*, p.139.

within the scope of the study. This study contributes to the under-researched field of life insurance history in South Africa.

The South African historiography follows international trends by tracing the historical development of the life insurance industry in South Africa. Dommissie (1947), Hirsch (1962) and Spyrou (1955) trace the origin and early development of the industry in the nineteenth century. This includes the establishment of the first branches of British life insurance companies in the Cape Colony shortly after the arrival of the British settlers in 1820 and the establishment of the first local company in 1831.¹⁵⁷ This historical development is also discussed briefly in various studies dealing with general aspects of the life insurance industry in South Africa.¹⁵⁸ Jones (2000), Benfield and Vivian (2003) and Verhoef (2010) study regulatory and structural changes that took place in the industry in the twentieth century and the impact that this had on the performance and function of life insurance companies.¹⁵⁹ This study on the history of Sanlam covers the period from 1918 to 2004 and touches on some of these regulatory and structural changes.

In terms of particular themes covered in the historiography, Arndt (1938 and 1941), Beak (1973), Davis (1993) and Benfield (1997) study legislative changes and their impact on the South African life insurance industry in the twentieth century.¹⁶⁰ Legislative changes impacted the investment strategies and asset management practices of life insurance

¹⁵⁷ J. Dommissie: *History and background of life assurance*, pp.27-33; H.M. Hirsch: *Early days of insurance in South Africa 1826-1860*, pp.19-23, 25-27, 39-3; H. Spyrou: *The development of insurance business in the Union of South Africa*, pp.325-340.

¹⁵⁸ M. Bernstein: *The life assurance industry in South Africa: Environment, structure and objectives*; G.J. de Klerk: *Versekeringsese: 'n Historiese oorsig en enkele bedryfsekomie aspekte met spesiale verwysing na groepsversekering*; T.J. de Vos: *Die beleggingsbeleid van Suid-Afrikaanse lewensversekering smaatskappye*; J.J. du Plessis: *Die ontstaan en ontwikkeling van versekeringswese met spesiale verwysing na die na-oorlogse omvang en ekonomiese betekenis van brand-,see en algemene versekering in die Unie van Suid-Afrika*; A. Ehlers: *Die geskiedenis van trustmaatskappye en eksekuteurskamers van Boland Bank Beperk tot 1971*; R.J. Miller: *Life assurance in South Africa*.

¹⁵⁹ B.C. Benfield & R.W. Vivian: *Insurance in the 1990s. A. The long-term insurance market 1990-2000*; S. Jones: *The financial sector, 1970-2000*; G.Verhoef: *Life offices to the rescue! A history of the role of life insurance in the South African economy during the twentieth century*.

¹⁶⁰ E.H.D. Arndt: *An analysis of the investment policies of life insurance companies in the Union of South Africa: The need for more constructive legislation*; E.H.D. Arndt: *Insuring our insurance: A survey of insurance legislation with recommendations for the Union*; G.H. Beak: *South African insurance legislation and the security of policyholders*, pp.60-72; B.C. Benfield: *South African life assurance legislation: A survey*, pp.568-594; D.M. Davis: *The South African law of insurance*.

companies. This aspect is studied by De Vos (1964) and Bernstein (1976).¹⁶¹ These types of investments had a stabilising influence on the South African economy especially during the period of international sanctions. This is studied by Verhoef (2010).¹⁶² These themes mirror those studied in the international historiography, but again the profile of the market purchasing life insurance is a neglected aspect. This study on the history of Sanlam's client base fills this gap.

As is the case with the international historiography a number of histories of individual South African life insurance companies have been written. This includes the histories of Old Mutual, Southern Life and Metropolitan Life.¹⁶³ The only academic study of an individual company identified in the literature is Vivian's (1996) study on the history of the South African Fire & Life Insurance Company – South Africa's first life insurance company.¹⁶⁴ This study on the history of Sanlam contributes to the academic research on the history of individual life insurance companies in South Africa.

1.4.3 Sanlam historiography

Despite being one of the oldest and most successful life insurance companies in South Africa the history of Sanlam remains under-researched. In terms of its position in the South African historiography, Sanlam is frequently associated with the establishment of Afrikaner institutions and the rise of Afrikaner nationalism in the early twentieth century.¹⁶⁵ From this historiography the image of Sanlam as an Afrikaans orientated company emerged. By investigating the changing profile of Sanlam's client base over an extended period of time, this study tests whether this image held true for all aspects of Sanlam's business and for the duration of its history.

¹⁶¹ M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*; T.J. de Vos: *Die beleggingsbeleid van Suid-Afrikaanse lewensversekeringsmaatskappye*.

¹⁶² G.Verhoef: *Life offices to the rescue! A history of the role of life insurance in the South African economy during the twentieth century*.

¹⁶³ Anon.: *Metropolitan Life 100 years (1898-1998)*; T.V. Bulpin. *The Southern Life: 75 years of service*; R. Van Selm: *History of the South African Mutual Life Assurance Society, 1845-1945*; P.B. Simons. *Old Mutual 1845-1995*.

¹⁶⁴ R.W. Vivian. *A history of the South African Fire & Life Assurance Company: South Africa's first insurance company*, pp.145-157.

¹⁶⁵ H. Giliomee & B. Mbenga: *New history of South Africa*, pp.291-293; D. O' Meara: *Volkskapitalisme: Class, capital and ideology in the development of Afrikaner nationalism, 1934-1948*, pp.95-110; J.D. Omer Cooper: *History of Southern Africa*, pp.176-177.

In terms of its position in the South African life insurance historiography, Sanlam is identified as a local company that was established in an industry dominated by foreign companies and one which played a prominent role in the South African life insurance industry in the twentieth century.¹⁶⁶ Some general studies on the history of Sanlam have been written. Scannell (1968) provides a chronological account of Sanlam's establishment and the first fifty years of its history.¹⁶⁷ This is a company history that was produced internally for commemorative purposes. Koen (1986) a former Sanlam employee studies Sanlam's foundation years and its initial efforts to establish itself amongst the under-insured and marginalised Afrikaans-speaking market.¹⁶⁸ This is an academic study, but it only covers a short period in Sanlam's history. Verhoef (2003, 2004, 2005, 2006a, 2006b and 2009) focuses on Sanlam's investment strategy and economic empowerment role. She traces the expansion of Sanlam's investment interests (which included investments in Afrikaner enterprises, but not exclusively so) into a massive conglomerate by the mid-1980s, the establishment of the investment management company Sankorp in 1985 and its pioneering role in BEE in the 1990s.¹⁶⁹ This includes specific studies on the role of social capital and strategic networks in the transfer of wealth (2008), the role of Sanlam's investment subsidiary FVB in empowerment (1999), Sanlam's interests in mining through FM (1995) and Sanlam's expansion into international markets (2011).¹⁷⁰ The investment strategy of Sanlam and its role in facilitating the broader economic empowerment of the South African population is

¹⁶⁶ M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.23; G.J. de Klerk: *Versekeringsese: 'n Historiese oorsig en enkele bedryfsekonomie aspekte met spesiale verwysing na groepsversekering*, pp.106-107; T.J. de Vos: *Die beleggingsbeleid van Suid-Afrikaanse lewensversekeringsmaatskappye*, pp.18, 23.

¹⁶⁷ J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*.

¹⁶⁸ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë: Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner, 1918-1939*.

¹⁶⁹ G. Verhoef: *Economic empowerment and performance: Strategies towards indigenisation/black economic empowerment and the performance of such enterprises in Nigeria and South Africa, since the early 1970s to 2002*, pp. 27-47; G. Verhoef: *The invisible hand: The roots of black economic empowerment, Sankorp and societal change in South Africa, 1985-2000*, pp.92-118; G. Verhoef: *Afrikanernasionalisme in die sakewêreld: 'n Verenigde front? Die verhouding tussen Afrikanersakeondernemings in die Noorde en in die Suide, 1934-1950*, pp.44-64; G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, pp.211-220; G. Verhoef: *Die Afrikaner se toetreding tot die Suid-Afrikaanse ekonomie*, pp.381-391; G. Verhoef: *Savings for life to build the economy for the people: The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, pp.118-163.

¹⁷⁰ G. Verhoef: *Nationalism and free enterprise in mining: The case of Federale Mynbou 1952-1965*, 89-107; G. Verhoef: *The development of diversified conglomerates: Federale Volksbeleggings: A case study*, pp.55-78; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, pp.695-713; G. Verhoef: *The globalization of South African conglomerates, 1990-2009*, pp.83-106.

also studied by Adams (2011) although specifically focusing on the period 1918 to 1980.¹⁷¹ Keneley and Verhoef (2011) study changes in the ownership structure of AMP and Sanlam in the late twentieth century.¹⁷² These topics follow the trends in the international and South African life insurance historiography. As yet no study has focused on Sanlam's client profile. This study fills this gap in the literature.

1.5 Research process

1.5.1 Rationale

Two trends were identified in the literature review, which serve as motivation for this study. The first is the focus on company histories. As yet no comprehensive study of the history of Sanlam has been undertaken. This study on Sanlam's client base covers an extensive period in its history from its establishment in 1918 through to 2004 when its transformation into a diversified financial services group was largely complete. The second trend is the focus on changes in the function and structure of life insurance companies particularly in their investment strategies and asset management practices. This focus is important as it has to do with the role that life insurers play in the economies in which they function. In the case of Sanlam the focus has been on its economic empowerment role and in particular that of the Afrikaner people. As yet no social aspect of Sanlam's history has been studied. This study on its client base fills this lacuna. This study tests the popular notion of Sanlam as an Afrikaans-orientated company by investigating whether this image is reflected in the profile of its client base and for an extended period of time.

1.5.2 Research problem and questions

This study demonstrates Sanlam's transformation into a diversified financial services group and tests conventional views of the company by investigating the profile of its client base from 1918 to 2004. This overarching focus or aim of the study can be broken down into the following research questions:

¹⁷¹ R. Adams: *Die ver-Suid-Afrikanisering van die Suid-Afrikaanse ekonomie: 'n Studie van Sanlam (1918-1980)*.

¹⁷² M. Keneley & G. Verhoef: *Pressures for change in the Australian and South African insurance markets: A comparison of the two companies*, pp.136-154.

- What is the profile of Sanlam's client base?
- How has this client profile changed over time if at all?
- How can these changes or consistencies in Sanlam's client profile be explained?
- What impact does this client profile have on Sanlam's identity as a company?

1.5.3 Objectives

To achieve this aim and answer these questions, the following objectives will be carried out:

- A demographic profile of who Sanlam targeted and attracted as clients will be compiled.
- This profile will be analysed to determine whether it changed or remained static over time and what the nature of these changes were.
- These changes or consistencies will be explained in terms of the internal and external factors which affect life insurance companies.
- An assessment will be made of how this client profile demonstrates Sanlam's transformation into a diversified financial services group and whether it confirms or challenges conventional views of Sanlam as an Afrikaans orientated company.

1.5.4 Research design, method and ethical concerns

This study is a qualitative one for the purpose of which both primary and secondary sources have been consulted. Content analysis has been applied as the method of data collection. This involves the analysis of texts and documents as well as Sanlam's products and its staff profile to determine who the company targeted and attracted as clients. Annual reports, the minutes of executive committee meetings and accompanying memoranda and reports as well as the private collections of Sanlam's senior management have been studied. These sources provide insights into the strategy that influenced Sanlam's target market and the company's policy with regards to particular markets. The official Sanlam company magazine *Die Fakkkel* and later *Sanlammer*, *Blueprint* and *Sandaba* as well as information on the profile of the company's office and field staff provide insights into the type of image the company projected and the type of client it was likely to attract. This is supplemented by newspapers

and industry reports which provide insights into how Sanlam was perceived externally. Promotional material and information on the products and services offered by Sanlam provide more direct evidence of who the company targeted as clients. This is supplemented by policy registers and internal and external market research which provide statistical information on the profile of Sanlam's client base. The use of statistical information means that the study incorporates some quantitative methods as well. This is advantageous as collecting and presenting data in this way protects the anonymity of subjects. It also eliminates some of the concerns over accuracy of interpretation associated with qualitative content analysis.

Confidentiality (of clients, staff and company information) is a concern in a study of this nature. This is safeguarded by a confidentiality agreement between the researcher and the company as well as the nature of the research which is historical, observes trends rather than individual cases and presents findings statistically as far as possible. Only access to material within the scope of this study has been granted. More recent information which may be of a more sensitive nature does not fall within the scope of this study. Although content analysis is an unobtrusive method of data collection, which eliminates some of the errors associated with research which involves direct interaction between researchers and subjects, objectivity is a real concern when engaging in research of this nature. All researchers have preconceived ideas about a particular topic which consciously or unconsciously may influence the selection of research material or the interpretation thereof. The representativeness of corporate archives is another concern that has already been raised. As is interference or selective editing or sanitisation of research findings by the company being studied. The integrity of the study is safeguarded by an agreement between the researcher and the company. Unconditional access has been granted to available material in the Sanlam Archives which falls within the scope of the study. One of the challenges of this study was the incompleteness of the Sanlam archives. Not all documents were preserved except for those which are legally required. The researcher was therefore confronted with incomplete sets of data. This is understandable given the age of the company and the expense associated with preserving the large volumes of documents typically accumulated by such institutions. The company is also increasingly moving towards the digitalisation of documents which could lead to further streamlining and losses. Despite its incompleteness the Sanlam archives houses vast volumes of documents and it would have been impossible for the researcher to consult all available sources due to time constraints.

Therefore in many cases a 'snapshot' of a particular set of data was taken. Another concern is the authenticity of sources. Annual reports for example are often subjective and are designed to present a company in a particular light. To address these concerns the researcher adopts the principles of historical research. This includes source criticism i.e. identifying the provenance, author and background of a particular source and corroboration i.e. confirming findings with other sources. This is where the use of secondary sources such as newspapers external to the Sanlam Archives becomes important. A third aspect of historical research is acknowledging these concerns and recognising that there is more than one way to interpret a single event or phenomenon.

The research findings will be organised thematically into demographic categories i.e. language, race, socio-economic status, gender and stage in the lifecycle. Demographic analysis is a method which is frequently used in the social and economic sciences. In studies on life insurance, demographic determinants such as age, class, educational level, religious inclination, gender and stage in the lifecycle are often used to explain demand.¹⁷³ The research findings will be interpreted in terms of the internal and external factors that affect life insurance companies as identified in the literature review. The researcher therefore draws on the theory of Alfred Chandler who considers the role that strategy plays in influencing firms as well as on the recent trend in business history, which studies the interaction between firms and their external environments. These internal and external determinants will be applied to the South African context.

1.6 Conclusion

The history of Sanlam is worthy of scholarly attention. Despite being one of the oldest and largest life insurance companies in the country, its history remains under-researched. As is the case with the international historiography, the focus has been on Sanlam's economic empowerment role. As yet no social aspect of Sanlam's history has been studied in detail. By

¹⁷³ D.R. Anderson & J.R. Nevin: *Determinants of young marrieds' life insurance purchasing behaviour: An empirical investigation*, pp.375-388; T. Beck & I. Webb: *Determinants of life insurance consumption across countries*, pp.1-41; M. Beenstock, G. Dickinson & S. Khajuria: *The Determination of life premiums: An international cross-section analysis 1970-1981*, pp.261-270; M.J. Browne & K. Kim: *An international analysis of life insurance demand*, pp.616-634; L. Di Matteo & J.C. Herbert Emery: *Wealth and demand for life insurance: Evidence from Ontario, 1892*, pp.446-469; J.M. Duker: *Expenditures for life insurance among working-wife families*, pp.525-533.

studying Sanlam's client base over an extended period of time this study is able to demonstrate Sanlam's transformation into a diversified financial services group and challenge conventional views of the company. As Sanlam's chairman Willie Hofmeyr stated nearly a century ago. Life insurance is an industry in a constant state of flux and to be successful it must adapt itself to the age and environment in which it functions.¹⁷⁴ This has certainly been the case with Sanlam.

¹⁷⁴ Sanlam: *Chairman's address*, 9 December 1925.

CHAPTER 2: THE HISTORY AND DEVELOPMENT OF THE LIFE INSURANCE INDUSTRY IN SOUTH AFRICA, C.1800-1918

2.1 Introduction

Spanning two centuries the life insurance industry is one of the oldest sectors of the South African economy. Its history can be traced to British occupation of the Cape at the turn of the nineteenth century. The first life insurance companies that operated in South Africa were branches and agencies of British companies. Later other colonial and American companies also entered the South African market. A common theme in the literature on the history of the life insurance industry in South Africa is the establishment and performance of local companies alongside these foreign ones. This chapter provides an overview of the history of the life insurance industry in South Africa from the activities of the first British companies in the Cape Colony at the beginning of the nineteenth century up until the establishment of Sanlam as another local company at the beginning of the twentieth century.

2.2 The history and development of life insurance: A global perspective

Early forms of insurance can be traced to ancient times.¹ Ancient Chinese, Babylonian and Roman traders reduced the risk of loss or damage to the goods they were transporting by spreading them over more than one ship.² Ancient Greek and Roman traders reached loan agreements whereby the money put forward to finance their voyages was only repayable with interest if these voyages were successfully completed. These loan agreements were known as Bottomry Bonds.³ Marine insurance developed out of these early forms of insurance on ships and cargoes. This soon came to include insurance on the lives of members of the ship's crew and slaves who were considered a valuable commodity.⁴ Early forms of life insurance

¹ G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, pp.68, 86-87, 94.

² *Ibid*, p.59; B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.4; J.J. du Plessis: *Die ontstaan en ontwikkeling van versekeringswese met spesiale verwysing na die na-oorlogse omvang en ekonomiese betekenis van brand-, see en algemene versekering in die Unie van Suid-Afrika*, p.34.

³ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, pp.5-6.

⁴ G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, pp.59, 68, 86-87, 94; J.J. du Plessis: *Die ontstaan en ontwikkeling van versekeringswese met spesiale verwysing na die na-oorlogse omvang en ekonomiese betekenis van brand-, see*

contracts developed from this. Such contracts were taken out on the lives of mariners in Britain in the sixteenth century.⁵

By the seventeenth century London had become an important centre for trade. Ship owners, merchants and sailors would meet in the coffee houses of London to discuss shipping news and early forms of marine insurance agreements were drawn up there. One such coffee house was established by Edward Lloyd in 1688. The famous Lloyds of London Insurance Company developed out of these early meetings and insurance agreements drawn up there. Similar developments took place in Europe in the seventeenth century. A marine insurance company was established in Paris in 1668.⁶ Private marine underwriters and insurance brokers operated in Antwerp, Amsterdam, Bruges and Hamburg at this time. In London two companies were established in 1720: The Royal Exchange Assurance Corporation and the London Assurance Company that acquired the right to transact insurance business under charters.⁷ But these companies did not replace the business of the 150 private underwriters operating in the city at the time.⁸

Early forms of life insurance can also be traced to ancient times. Voluntary groups and societies were established which made provision for the burial of members and the subsistence of their dependents in the event of death.⁹ The ancient Miletians paid an amount of 3600 drachma into a communal fund. In return they received an amount of 30 drachma per month for life. An amount of 150 drachma was paid out at death to cover funeral expenses.¹⁰ In ancient Greece the *Eianoï* and *Thiasoi* were benevolent societies established and maintained by the contributions of members. These societies paid out an amount to cover the

en algemene versekering in die Unie van Suid-Afrika, p.34; R. Pearson: *Introduction: Towards an international history of insurance*, pp.2, 5.

⁵ M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.16.

⁶ G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, pp.73-74; J.J. du Plessis: *Die ontstaan en ontwikkeling van versekeringswese met spesiale verwysing na die na-oorlogse omvang en ekonomiese betekenis van brand-,see en algemene versekering in die Unie van Suid-Afrika*, pp.35-36; *Die Fakkel*, 7 July 1938, p.9.

⁷ R. Pearson: *Introduction: Towards an international history of insurance*, p.6.

⁸ *Ibid.*, p.3.

⁹ *Ibid.*, p.5; G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.90.

¹⁰ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.5; M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.14.

funeral expenses of deceased members and the immediate needs of their dependents.¹¹ Similarly in ancient Rome the *Collegium Cultorum Dianae et Antinoi et Lanuvium* was a mutual aid society which paid out an amount upon the death of a member to help pay for his funeral.¹² Military societies in ancient Rome established funds which paid out if the death of a member occurred within a specific period. If a member survived this period a lump sum would be paid out or an amount would be paid out in installments for the duration of his life.¹³ Similar burial provision was made by guilds operating in Britain and Europe in the Middle Ages.¹⁴ In Germany and Austria the *Knappschaften* provided mineworkers with sickness, accident and death benefits.¹⁵

One of the earliest examples of a life insurance policy was issued on the life of William Gibbons, a salter from London on 18 June 1583. It was for a term policy for a period of twelve months with an assured amount of £383.6.8. and a premium of £30.13.4. At the time premiums were not yet calculated on an actuarial basis and there were no life insurance companies as we know them today. This policy was underwritten by a group of 16 merchants. They were forced to pay out the assured amount to Gibbons' estate when he died only 345 days after the policy was affected.¹⁶

The first modern mortality table, the Breslau Tables of Mortality was published in 1693 by Edmund Halley. It was based on a scientific calculation and showed the possibility of death in the city of Breslau in Silesia (today Wroclaw in Poland). It also included an annuity determination and paved the way for modern life insurance based on actuarial principles as we know it today.¹⁷

Tontines operated in Britain and Europe in the sixteenth and seventeenth centuries. These were contribution schemes in which annual payments were shared amongst surviving

¹¹ *Ibid.*

¹² B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.5.

¹³ *Ibid.*, p.6.

¹⁴ R. Pearson: *Introduction: Towards an international history of insurance*, p.5.

¹⁵ *Ibid.*

¹⁶ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, pp.6-7; R.J. Miller: *Life assurance in South Africa*, pp.2-3.

¹⁷ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.7.

members.¹⁸ From the late seventeenth century a number of societies were established in Britain with the purpose of transacting life insurance. Britain is typically regarded as the birthplace of modern life insurance.¹⁹ The first life insurance society to be registered in Britain was the Hand in Hand Fire and Life Insurance Society founded in 1696.²⁰ The Society of the Assurance for Widows and Orphans²¹ was established in 1699 and appears to have been the first life insurance society open to the general public. It aimed to issue a death benefit of £500 for a contribution of 5 shillings each from 2000 members. This society however never attained the required membership and only lasted twelve years.²¹ It paved the way for the establishment of the Amicable Society for Perpetual Assurance on Lives in 1706, which operated on a similar principle as its predecessor. Initially it charged an annual premium of £6.4.0. irrespective of age, for a death benefit the size of which depended on the number of deaths amongst members during the year. A fixed number of shares (2000) were offered to the public and persons between the ages of 12 and 45 and in good health were eligible for membership. The contributions received during the year less expenses were divided at the end of the year amongst the representatives of members who died during the year.²² The Society for the Equitable Assurance on Lives and Survivorships was established in 1756. It was the first life insurance society in Britain that operated on a scientific and actuarial basis. Its premiums were calculated according to age and type of insurance using actuarial tables and remained constant for the duration of the contract. It was also the first life insurance society to grant long-term contracts either for a stated period or throughout life. It paved the way for modern life insurance companies as we know them today.²³ By the end of the eighteenth century a number of new premium based life insurance companies entered the

¹⁸ G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, pp.87-88; R. Pearson: *Introduction: Towards an international history of insurance*, p.5.

¹⁹ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.6; R.J. Miller: *Life assurance in South Africa*, p.2.

²⁰ G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, pp.80-84; J.J. du Plessis: *Die ontstaan en ontwikkeling van versekeringswese met spesiale verwysing na die na-oorlogse omvang en ekonomiese betekenis van brand-,see en algemene versekering in die Unie van Suid-Afrika*, p.42.

²¹ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.6; M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.17; R.J. Miller: *Life assurance in South Africa*, p.7.

²² B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.6; G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, pp.88-89; R.J. Miller: *Life assurance in South Africa*, p.7.

²³ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.6; V. Dover: *Life assurance history*, p.19. G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, pp.88-89; R.J. Miller: *Life assurance in South Africa*, p.8.

British insurance market and the industry began to take off.²⁴ By 1801 there were 8 life insurance companies operating in Britain.²⁵ This grew to 50 by 1830 and over 200 by 1850.²⁶ During the nineteenth century British life insurance companies began to expand their business into foreign markets including South Africa, Canada and Australia.²⁷

Life insurance also took off in Europe in the nineteenth century. In the Netherlands the *Hollandsche Societeit van Levenverzekeringen* was founded in 1807. Its business was carried out on a scientific basis and according to actuarial principles.²⁸ In France the *Compagnie d'Assurances Générales* was established in 1819 and in Italy the *Compagnie di Assicurazioni di Milano* in 1826.²⁹ By 1850 life insurance companies were operating in various parts of Europe including the Netherlands, France, Italy, Germany, Austria and Switzerland.³⁰

In the United States the American Presbyterian Ministers' Fund was founded in 1759 to provide financial assistance to the widows and orphans of Presbyterian ministers. It granted survivorship annuities at death of a policyholder, which were payable for the duration of the life of his beneficiaries. Annuities could be purchased for between \$10 and \$35 dollars per annum, the annual premium being one fifth of the annuity payable at death.³¹ The Insurance Company of North America founded in 1794 was one of approximately 30 insurance companies established in the United States in the last 15 years of the eighteenth century, 5 of which transacted life insurance business.³² The Pennsylvania Company for Insurance on Lives and Granting Annuities founded in 1809 was the first commercial life insurance company established in the United States with the sole purpose of issuing life policies and

²⁴ R. Pearson: *Introduction: Towards an international history of insurance*, p.6.

²⁵ G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.90.

²⁶ M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.19; M.J. Keneley: *Control of the Australian life insurance industry: an example of regulatory externalities within the Australian financial sector 1870-1945*, pp. 9-10.

²⁷ *Ibid.*

²⁸ B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.13; M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, pp.20-21; G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.90.

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *Ibid.*; B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.12; M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.19.

³² B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.12; M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.20.

annuities. It was also the first American life insurance company to transact business on a scientific basis by requiring an application form, medical exam and calculating premiums according to age.³³ The first mutual life insurance company in the United States was established in Boston in 1835.³⁴ This was followed by the establishment of the Mutual Life Insurance Company of New York in 1842, New England Mutual in 1843 and the Mutual Benefit of New Jersey in 1845.³⁵ Many life insurance companies entered the American insurance market after that and by 1869 there were 110 life insurance companies operating in the United States.³⁶ By the nineteenth century life insurance was an established industry in Britain and other industrialised economies including many European countries and the United States.³⁷ During this century life insurance companies operating in these economies began to expand their business to other parts of the world including South Africa.

2.3 First foreign life insurance companies in the Cape Colony, c.1800-1826

There is little evidence of any insurance activities at the Cape during Dutch occupation as the Dutch East India Company handled its own risks. Some early forms of life insurance provision were however made for Company officials. At first this provision was made by the church in the form of poor relief funds and later by orphan chambers that acted as trustees in the interests of dependents of Company officials especially if these dependents were under age or not resident in the Colony. The first of these orphan chambers was established in 1673.³⁸

The commencement of the first real insurance activities at the Cape is closely linked to British occupation of the Colony at the turn of the nineteenth century. The British first occupied the Cape temporarily from 1795 to 1803 and re-occupied it again in 1806. By 1800 there were 5 insurance companies operating in the Cape Colony. All 5 were branches of

³³ *Ibid.*

³⁴ G.J. de Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.90.

³⁵ M. Bernstein: *The Life assurance industry in South Africa: Environment, structure and objectives*, p.20.

³⁶ *Ibid*; B.C. Benfield: *South African life assurance: Circumstance, significance and technique*, p.12.

³⁷ R. Pearson: *Introduction: Towards an international history of insurance*, p.7.

³⁸ A. Ehlers: *Die geskiedenis van trustmaatskappye en eksekuteurskamers van Boland Bank Beperk tot 1971*, pp.1-2.

British companies.³⁹ Early insurance activities in South Africa were concentrated in the Cape Colony. This was because the Colony was more settled, more economically developed and more densely populated than other parts of the country at the time.⁴⁰ The agriculture and trade based economy of the Colony was booming. British administration set up the pre-conditions for economic development including improved infrastructure, the establishment of banks and the importation of manufactured goods to meet the needs of the sophisticated domestic market.⁴¹ In 1798 the white population at the Cape stood at 20 000.⁴² A British insurance company, the Phoenix Fire Insurance Company appointed an agent at the Cape in 1806. It was one of the first insurance companies to advertise its business at the Cape. It advertised in the *Cape Town Gazette* and the *African Advertiser* on 22 October 1808.⁴³ Although the Phoenix was a British company it translated the application forms for its policies into Dutch to serve the needs of the predominantly Dutch community at the Cape at the time. The Phoenix transacted fire insurance business, which was the most popular type of insurance business transacted in at the Cape followed by marine insurance. The British marine insurance companies operating at the Cape managed the risks of 170 ships calling there annually.⁴⁴ Life insurance would only really begin to take off at the Cape after the arrival of the British settlers in 1820.

The arrival of the British settlers in 1820 was an important impetus for the development and growth of the insurance industry in the Colony and in particular for life insurance.⁴⁵ The arrival of the British settlers increased the size of the population at the Cape. Some 4000 British immigrants arrived to settle in the Eastern districts of the Colony in 1820.⁴⁶ The arrival of the settlers doubled the size of the British population in the Colony and increased the size of the total white population by nearly one-ninth.⁴⁷ These figures do not include other immigrants that left Britain at their own expense to settle in the Colony. It is estimated that

³⁹ C.W. Cousins: *Official yearbook of the Union of South Africa, 1910-1920*, p.858.

⁴⁰ A. Ehlers: *Die geskiedenis van trustmaatskappye en eksekuteurskamers van Boland Bank Beperk tot 1971*, p.12; R.W. Vivian: *A history of the London & Lancashire Fire Insurance Company in South Africa*, p.160.

⁴¹ D.H. Houghton: *The South Africa economy*, pp.8-13; *Post Magazine and Insurance Monitor*, p.13; S.P. Viljoen: *Die Britse kolonies tot 1870*, pp.182-211.

⁴² H. Giliomee & B. Mbenga: *New history of South Africa*, p.59.

⁴³ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, p.95.

⁴⁴ R.W. Vivian: *Morgan's history of insurance movements in South Africa, 1899-1999*, pp.19-22.

⁴⁵ *Ibid*, pp.95, 113; H. Spyrou: *The development of insurance business in the Union of South Africa*, p.325.

⁴⁶ H. Giliomee & B. Mbenga: *New history of South Africa*, p.85; H. Giliomee: *The Afrikaners: Biography of a people*, p.193.

⁴⁷ H.E. Hockly: *The story of the British settlers of 1820 in South Africa*, p.32.

between 1820 and 1821 a total of 5000 people left Britain either as official settlers or as private immigrants to settle in the Cape.⁴⁸ The profile of the settler population was conducive to the development of life insurance demand. Unlike the Dutch settlers the British settlers arrived at the Cape in family units.

Table 1: Gender and age profile of the British settlers, 1820

	Adults	Children	Total
Male	1455	960	2415
Female	795	790	1585
Total	2250	1750	4000

(H.E. Hockly: *The story of the British settlers of 1820 in South Africa*, p.32.)

More than half of the settler population comprised of women and children for whom provision would have to be made in the event of the untimely death of the male breadwinner. The settler population was a sophisticated group whose economic activities were not restricted to agriculture. They were “neither proprietors nor paupers; they were respectable individuals possessed of some financial means.”⁴⁹ The British settlers were a post-industrial revolution, post-Adam Smith people who were acquainted with the urban and liberal ideas of a post-French revolution era.⁵⁰

⁴⁸ *Ibid.*

⁴⁹ H. Giliomee & B. Mbenga: *New history of South Africa*, p.85.

⁵⁰ C.F.J. Muller: *Die oorsprong van die groot trek*, pp.146-156.

Table 2: Previous occupations of the adult male settler population, 1820

Previous occupations	Percentage of the adult male settler population
Farming and country pursuits	42%
Skilled artisans and merchants	32%
Commerce and trade	12%
Army, navy and sea	5%
Professions	4%
Unspecified and miscellaneous	5%

(H.E. Hockly: *The story of the British settlers of 1820 in South Africa*, p.31.)

Less than half of the adult male section of the settler population was previously involved in agriculture. About a third was skilled artisans and just over a tenth was previously involved in commerce and trade. Although initially stationed on the Eastern frontier of the Colony to establish an agricultural settlement there, by the end of the 1820s most of the settlers had left the settlement to take up occupations in towns.⁵¹ This created economic dependence on the breadwinner who worked outside of the home and the need to make provision against the risk of a loss of income in the event of his untimely death. The impact of the arrival of British immigrants is reflected in the growth in the number of insurance companies operating in the Cape Colony. Between 1801 and 1825 the number of insurance companies operating in the Colony tripled from 5 to 15.⁵²

In 1826 three new British companies that transacted life insurance began doing business in the Cape Colony. The United Empire and Continental Life Assurance Association of London

⁵¹ H.E. Hockly: *The story of the British settlers of 1820 in South Africa*, p.31.

⁵² C.W. Cousins: *Official yearbook of the Union of South Africa*, 1910-1920, p.858.

and the Alliance British and Foreign Life and Fire Assurance Company announced the beginning of their business at the Cape in the *South African Commercial Advertiser* on 1 and 15 February 1826 respectively.⁵³ The *South African Commercial Advertiser* was the first independent newspaper published at the Cape. It was established by two British settlers John Fairbairn and Thomas Pringle in 1824 and provides evidence of early insurance activities at the Cape.⁵⁴ A third company the *Eagle Life Assurance Company* established a branch in Cape Town in 1826.⁵⁵

2.4 First local life insurance companies, 1831-1845

The first local company that transacted life insurance business, the South African Fire and Life Assurance Company was established in Cape Town in 1831.⁵⁶ Initially local companies fared poorly in the small and competitive life insurance market in the Colony and many of their activities were short-lived. An indication of this competition was that life insurance companies frequently published their premium rates to illustrate how they compared with other companies. Upon its establishment in 1831, the South African Fire and Life Assurance Company announced its premiums as “being lower than similar institutions in the Colony”.⁵⁷ Life insurance companies expanded their operations over wide areas of the Colony to increase their market share. Apart from its operations in Cape Town, by 1832 the South African Fire and Life Assurance Company had appointed agents in other parts of the Colony including Grahamstown, Port Elizabeth, Graaff-Reinet and Uitenhage.⁵⁸ In 1833 the Alliance British and Foreign Life and Fire Assurance Company announced that it was prepared “to accept risks on Female Lives, and on the lives of emancipated Slaves of either sex, at the low rates of premium now before the public”.⁵⁹ The willingness to insure the lives of women and

⁵³ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, p.96; H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, September 1962, p.25; H. Spyrou: *The development of insurance business in the Union of South Africa*, p.325.

⁵⁴ H. Giliomee: *The Afrikaners: Biography of the people*, pp.193-195; H. Giliomee & B. Mbenga: *New history of South Africa*, p.86; H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, September 1962, pp.25-27.

⁵⁵ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*, p.96; H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, September 1962, p.25; H. Spyrou: *The development of insurance business in the Union of South Africa*, p.325.

⁵⁶ *Ibid*; R.W. Vivian: *A history of the South African Fire & Life Assurance Company: South Africa's first insurance company*, pp.147-148.

⁵⁷ H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, September 1962, p.27.

⁵⁸ *Ibid*, October 1962, p.39; R.W. Vivian: *A history of the South African Fire & Life Assurance Company: South Africa's first insurance company*, p.151.

⁵⁹ H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, October 1962, p.39.

freed slaves that posed a greater risk to the company because of their higher mortality rate at the same rate as for white males – the traditional market for life insurance is indicative of the competition that characterised this small life insurance market.

A second local company, the Cape of Good Hope Fire and Life Assurance Company was established in 1835.⁶⁰ This was followed by the establishment of another local company *De Protecteur Brand en Lewens Assurantie Maatschappij* in 1838. *De Protecteur* was unique as it was the only life insurance company that was established by Dutch settlers in an industry dominated by British companies.⁶¹ It was established in the same year that Dutch settlers in the Eastern parts of the colony discontented with British rule began to leave the colony in what would become known as the Great Trek. In the same year as the establishment of *De Protecteur*, Alliance expanded its operations to Port Elizabeth and Grahamstown.⁶² By 1840 *De Protecteur* had expanded its business to 14 towns across the Cape Colony to increase its market share.⁶³ Another local company, the Equitable Fire and Life Insurance Company was established in 1844, but it dropped its life insurance department shortly thereafter in 1845.⁶⁴ The market for life insurance was small and many companies struggled to make a profit from this type of business. For this reason many of the insurance companies that operated in the Colony during this time were composite companies that sold life insurance alongside fire insurance and other types of insurance to maximise the amount of business generated.⁶⁵

A major event in the development of the local life insurance industry in the Cape Colony was the establishment of the Mutual Life Assurance Society of the Cape of Good Hope in 1845.⁶⁶ Mutual Life was a truly local institution. Unlike many of its competitors that were composite companies, Mutual Life only sold life insurance. This allowed it to operate as a mutual company, which effectively meant that its policyholders were the owners of the company and its profits were distributed amongst them in the form of bonuses. This was in contrast to

⁶⁰ *Ibid.*

⁶¹ *Ibid.*, January 1963, p.19.

⁶² *Ibid.*

⁶³ A. Ehlers: *Die geskiedenis van trustmaatskappye en eksekuteurskamers van Boland Bank Beperk tot 1971*, p.13.

⁶⁴ *Ibid.*; H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, January 1963, p.21.

⁶⁵ R.W. Vivian: *A history of the South African Fire and Life Assurance Company: South Africa's first insurance company*, p.146.

⁶⁶ *Ibid.*; G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.96; H. Spyrou: *The development of insurance business in the Union of South Africa*, pp.345-346; P.B. Simons: *Old Mutual 1845-1995*, pp.7-8.

many of its competitors which operated as joint stock or proprietary companies with shareholders to whom a dividend was paid out.⁶⁷ By operating as a mutual company Mutual Life ensured that ownership of the company remained in local hands and that the local population shared in its profits. Mutual Life further contributed to the economic development of the Colony by investing its returns locally unlike the foreign companies operating in the Colony that invested their returns abroad.⁶⁸ Mutual Life was committed to operating as a truly local institution even if it meant that the company would initially make slow progress in the competitive life insurance market. In its first year Mutual Life only had 301 policyholders on its books with a premium income of £4556 and a total assured amount of £147 100.⁶⁹ To increase its market share Mutual Life expanded its operations across 11 towns in the Colony during its first year.⁷⁰ Despite its humble beginnings, by the end of the nineteenth century Mutual Life had become the dominant life insurance company in the Colony. It is also the only life insurance company that has survived from this period and still operates today as Old Mutual. This suggests that there was a demand for such a local institution. In response to the establishment of Mutual Life in 1845 and the competition that it brought to the market, the South African Fire and Life Assurance Company announced that it was “prepared to reduce premiums by 5, 10, 15 and 20 percent and upwards on policies that have run for a corresponding number of years”.⁷¹

2.5 Expansion and the rise of local companies, 1850-1918

The life insurance industry in Cape Colony experienced a period of growth during the second half of the nineteenth century.⁷² This may be attributed to improved transportation, the discovery of diamonds and gold and the impact that this mineral revolution had on the economic development of the Colony.⁷³ Improved transportation made it easier for foreign companies to establish branches and agencies in the Colony and to expand these operations

⁶⁷ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, pp.97-98; P.B. Simons: *Old Mutual 1845-1995*, p.8.

⁶⁸ A.C. MacIntyre: *South African red book*, p.iii.

⁶⁹ A. Ehlers: *Die geskiedenis van trustmaatskappye en eksekuteurskamers van Boland Bank Beperk tot 1971*, p.14; H. Spyrou: *The development of insurance business in the Union of South Africa*, p.325.

⁷⁰ H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, January 1963, p.21.

⁷¹ *Ibid.*

⁷² H. Spyrou: *The development of insurance business in the Union of South Africa*, p.327.

⁷³ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.99; H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, September 1962, p.21; H. Spyrou: *The development of insurance business in the Union of South Africa*, pp.325, 332.

further into the Transvaal and Natal. Economic development brought about some stability and predictability to the life insurance industry and a larger urban population base from which to draw policyholders.⁷⁴ It also led to an increase in financial transactions between firms and individuals. Under these conditions the demand for financial institutions such as trust companies, savings banks, loan associations and insurance companies increased. By 1861 more than 30 banks and more than 20 insurance companies operated in the Cape. The banks were small local unit banks tailored along the British banking system.⁷⁵ During this period life insurance companies from other British colonies including Australia and Canada as well as companies from the United States also began to establish branches in the Cape Colony.⁷⁶ In 1893 the *Post Magazine and Insurance Monitor* noted that “South Africa is the space to which the Companies are turning with great activity. Branches and agencies are covering the area of explored territory, and we shall not be surprised to find English Offices’ agents in Uganda”.⁷⁷

As more foreign companies entered the market some of the older local companies ceased to do business or were taken over by more successful concerns. The South African Fire and Life Insurance Company began winding down its life insurance department in 1888 because it was no longer profitable. A new company the South African Fire Insurance Company was established, which took over the fire insurance business of the original company.⁷⁸ The business of the Cape of Good Hope Fire and Life Assurance Company and *De Protecteur Brand en Lewens Assurantie Maatskappij* was absorbed by the Guardian Fire and Life Assurance Company of London.⁷⁹

⁷⁴ H. Giliomee & B. Mbenga: *New history of South Africa*, p.189; H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, January 1963, p.23; September 1962, p.21.

⁷⁵ F.S. Jones: *The great imperial banks: A story of the business of the Standard Bank and Barclays Bank, 1861-1961*, pp.10-13; V.E. Solomon: *Money and banking*, pp.137-138.

⁷⁶ C.W. Cousins: *Official year book of the Union of South Africa, 1910-1917*, p.724.

⁷⁷ *Post Magazine and Insurance Monitor*, 7 January 1893, p.13.

⁷⁸ R.W. Vivian: *A history of the South African Fire & Life Assurance Company: South Africa’s first insurance company*, p.153.

⁷⁹ A.C. MacIntyre: *South African red book*, p.62.

Consolidation and centralisation were common features of both the banking and insurance industries in the Colony during the second half of the nineteenth century.⁸⁰ Arndt refers to the “amalgamation mania” and the “wholesale slaughter and devouring of Cape banks”.⁸¹ “The two Imperial banks, and more especially the Standard, had definitely set out to bring about an extensive consolidation of the Colonial banks with themselves”.⁸² Although this was met with opposition from the local banks that wanted to retain their national identity and saw themselves as playing an important role in the economic development of the Colony through the investment of their returns locally, by the end of the nineteenth century most of the smaller local banks ceased to exist.⁸³ Similarly in the life insurance industry by the end of 1890 the Mutual Life Assurance Society of the Cape of Good Hope which was renamed the South African Mutual Life Assurance Society was the only remaining local life insurance company operating in the Colony.⁸⁴

A new local life insurance company Southern Life entered the market in 1891.⁸⁵ This brought the total number of life insurance companies operating in the Cape Colony to 18 of which only 2 were local companies.⁸⁶ Despite the prevalence of the foreign companies the South African Mutual Life Assurance Society dominated the industry in terms of the volume of business underwritten. For the year ended 31 December 1891 its new business volumes almost equaled that of the 16 foreign companies combined.⁸⁷ The dominant position of South African Mutual by the late nineteenth century was a testament to its commitment to operate as a truly local institution and the support that such institutions enjoyed in an industry with a strong British presence.

⁸⁰ E.H.D Arndt: *Banking and currency development in South Africa (1652-1927)*, pp.264, 267-268; G. Verhoef: *Concentration and competition: The changing landscape of the banking sector in South Africa, 1970-2007*, pp.157-158.

⁸¹ E.H.D Arndt: *Banking and currency development in South Africa (1652-1927)*, p.264.

⁸² *Ibid.*

⁸³ *Ibid.*, pp.267-268.

⁸⁴ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.104.

⁸⁵ *Ibid.*; H. Spyrou: *The development of insurance business in the Union of South Africa*, p.326.

⁸⁶ Department of Treasury: *Returns under the Life Assurance Act, 1891, for the year ended 31 December 1894*.

⁸⁷ *Ibid.*

Industrial insurance was introduced for the first time in 1894 with the establishment of another local company the Industrial Assurance Company of South Africa.⁸⁸ Industrial insurance was a more affordable type of life insurance protection aimed at lower income groups and working classes.⁸⁹ The emergence of this type of insurance in the late nineteenth century was an indication of the impact that the mineral revolution and accompanying industrialisation had had on the life insurance market. With the establishment of the Industrial Assurance Company in 1894 the number of local life insurance companies operating in the Colony stood at 3 compared to the 19 foreign companies.⁹⁰ Again although outnumbered, the local companies headed by South African Mutual performed comparably well almost equaling the volume of business underwritten by the foreign companies for the year ended 31 December 1894.⁹¹ This showed the growing support for local companies. In that year the total amount assured by life insurance companies operating in the Colony exceeded £10 million for the first time.⁹² This was an indication of the overall growth experienced by the industry in the wake of the mineral revolution and industrialisation.

⁸⁸ *Ibid*; H. Spyrou: *The development of insurance business in the Union of South Africa*, p.324.

⁸⁹ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.105.

⁹⁰ Department of Treasury: *Returns under the Life Assurance Act, 1891, for the year ended 31 December 1894*.

⁹¹ *Ibid*.

⁹² *Ibid*.

Table 3: Performance of life insurance companies operating in the Cape Colony for the years ended 31 December 1891 and 1894

	Number of policies				Assured amount			
	1891	% of total	1894	% of total	1981	% of total	1894	% of total
Foreign companies	9518	50.6%	13 056	50.1%	£4 340 425	49.7%	£5 662 629	54.3%
Local companies	9296	49.4%	12 991	49.9%	£4 395 059	50.3%	£4 773 106	45.7%
SA Mutual	9006	47.9%	9456	36.3%	£4 296 434	49.2%	£4 342 016	41.6%
Southern Life	290	1.5%	1128	4.3%	£98 625	1.1%	£382 950	3.7%
Industrial Assurance (1894)			2407	9.2%			£48 140	0.5%
Total	18 814	100%	26 047	100%	£8 734 484	100%	£10 435 735	100%

(Department of Treasury: *Returns under the Life Assurance Act, 1891, for the year ended 31 December 1894.*)

The table shows that by the late nineteenth century a local company, the South African Mutual Life Assurance Society was the dominant life insurance company operating in the Colony. It accounted for nearly half of all life insurance business underwritten in the Colony at that time. The only other local life insurance companies operating in Colony at the time, Southern Life and the Industrial Assurance Company of South Africa were newcomers and were not yet established in the market. South African Mutual did however lose some of its market share with the introduction of industrial insurance in 1894. The success of South African Mutual at the turn of the twentieth century suggests that there was a demand for life

insurance business transacted by local companies at that time. This was one of the motives for the establishment of Sanlam another local life insurance company in the early twentieth century.

The growing discontent for foreign business is reflected by deposit requirements and taxes imposed on foreign companies. Foreign companies were required to pay a license fee of £500 and a deposit of £10 000 in the Cape Colony. In addition a tax of 2.5% on premiums recovered and 6% on premium income earned were payable in the Cape. These taxes were introduced under the Cape Colony Stamp Act of 1887 and were later extended to other colonies. The purpose of these measures was to protect local insurance companies from competition by foreign companies especially with regards to fire insurance.⁹³ The growth and expansion of life insurance business in the Cape Colony in the second half of the nineteenth century is reflected by the introduction of increased regulatory control. The Life Assurance Act, No 13 of 1891 required life insurance companies operating in the Cape Colony to submit an annual actuarial report.⁹⁴

By 1897 life insurance was the dominant type of insurance business transacted in the Cape Colony. Half of all premiums earned by insurance companies operating in the Colony came from life insurance.⁹⁵ Just over 30 000 lives were insured in the Colony and the total amount assured stood at £12 million.⁹⁶ Another local life insurance company, African Homes Trust was established in 1898. This company also sold industrial insurance to working classes and lower income groups.⁹⁷ By the end of the nineteenth century 27 life insurance companies were operating in the Colony of which 4 were local companies. These companies created employment for 200 people. South African Mutual employed the most with 22 employees

⁹³ *Post Magazine and Insurance Monitor*, 14 December 1895, p.862; *The Review*, 9 September 1903, p.543; *The Review*, 5 December 1903, p.700; *The Review*, 9 December 1904, p.768; R.W. Vivian: *Morgan's history of the insurance movements in South, 1899-1999*, p.21.

⁹⁴ A.C. MacIntyre: *South African red book*, pp.48-49.

⁹⁵ H. Spyrou: *The development of insurance business in the Union of South Africa*, p.327.

⁹⁶ A. Ehlers: *Die geskiedenis van trustmaatskappye en eksekuteurskamers van Boland Bank Beperk tot 1971*, p.14; C.W. Cousins, *Official year book of the Union of South Africa, 1910-1917*, p.724.

⁹⁷ G.J. De Klerk: *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering*, p.105; Anon: *Metropolitan Life 100 years (1898-1998)*, p.70.

followed by Southern Life with 16 employees emphasizing the important role that local companies played in the industry and in the development of the local economy.⁹⁸

Figure 1: Advertisement for the Southern Life Association, c.1898

SOUTHERN

Life

Association.

For Mutual Life Sickness and Accident Insurance.

A Purely Mutual and South African Institution.

Life Department

Lowest Premiums.
Policies World-wide, Unchallengeable and
Non-Forfeitable.

ALL PROFITS BELONG TO THE MEMBERS.

Life Insurances in force now exceed

£1,000,000

FUNDS EXCEED £70,000.

Combined Life and Accident Policies issued.
Annuities Granted at Lowest Rates.
Special Policy for Children.
Double-Benefit Investment Policies.

ACCIDENT AND SICKNESS INSURANCE with participation in Profits.

Chief Office:

Lower ST. GEORGE'S ST., CAPE TOWN.

Branches: Kimberley, Port Elizabeth, Durban, Bloemfontein & Johannesburg.

Secretary: **ROBERT H. MITCHELL.**

Manager: **WILLIAM ELLIOTT, F.S.S.**

(A.C. MacIntyre: *South African Red Book*, p.ii.)

⁹⁸ A. Ehlers: *Die geskiedenis van trustmaatskappye en eksekuteurskamers van Boland Bank Beperk tot 1971*, p.14; W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.10.

The life insurance industry does not appear to have been too negatively affected by the outbreak of the Anglo Boer War (1899-1902) despite the increase in the amount paid out in claims as a result of deaths in the war.⁹⁹ South African Mutual, the dominant life insurance company at the time paid out an amount of £78 474 in war claims arising from 141 lives assured under 156 policies.¹⁰⁰ At the same time South African Mutual recorded progress during this period. “In general though, Old Mutual’s progress had improved: there had been a substantial increase in new policies and a decrease in claims while both the income from premiums and interest had risen considerably.”¹⁰¹ For local life insurance companies the war represented another opportunity to assert their national identity. In terms of the overall state of the industry in 1902 there were 57 940 policies in force in the Colony with a total assured amount of £16 375 640 suggesting growth rather than stagnation of the industry during the war.¹⁰² The war had raised awareness of the importance of taking out life insurance.

Similarly the establishment of the Union of South Africa in 1910 and the outbreak of World War I in 1914 created a sense of nationalism which contributed further to the success of the local life insurance companies. The consolidation of the former British colonies under the Union of South Africa improved connectivity and aided the spread of life insurance activities across the country. Two local life insurance companies the African Life Assurance Society and the African Guarantee and Indemnity Company were established in Johannesburg in 1904 and 1911.¹⁰³ African Life had branches and agencies in the Union as well as in Khartoum, Assouan, Syria, Cairo and Alexandria. In 1912 it expanded its operations to Natal and amazement was expressed at the large volumes of new business that it generated.¹⁰⁴ The outbreak of the First World War and the Allies’ demand for South African manufactured goods stimulated industry and economic development.¹⁰⁵ This in turn provided the capital injection for the establishment of more life insurance companies. It also meant increased amounts of disposable income for the purchase of life insurance.

⁹⁹ *Ibid.*

¹⁰⁰ P.B. Simons: *Old Mutual 1845-1995*, p.85.

¹⁰¹ *Ibid.* p.83.

¹⁰² C.W. Cousins: *Official year book of the Union of South Africa, 1910-1917*, p.724.

¹⁰³ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om ‘n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.13.

¹⁰⁴ *The Review*, 14 April 1911, pp.225-226; 2 August 1912, p.482; 25 April 1913, p.257.

¹⁰⁵ C. Feinstein: *An economic history of South Africa: Conquest, discrimination and development*, pp.115-116; A.J.H. van der Walt, J.A. Wiid & A.L. Geyser (eds.): *Geskiedenis van Suid-Afrika*, pp.270-296.

From 1911 to 1916 the assured amount generated by the 5 local life insurance companies operating in the Cape Province had increased by nearly half while that of the 30 foreign companies increased by only one-fifth. In 1916 local companies contributed just under 60% of the total assured amount of all life insurance companies operating in the Cape Province. This is an indication of the impact that the national spirit of the war had on the performance of local companies. In terms of the overall state of the industry the total assured amount of all life insurance companies operating in the Cape Province had increased by nearly one-third from 1911 to 1916 as an indication of growth experienced by the industry during that time.¹⁰⁶

Table 4: Assured amount of life insurance companies operating in the Cape Province in 1911 and 1916

	1911	% of total	1916	% of total
foreign companies	£11 246 972	46.4%	£13 476 325	42.5%
local companies	£13 016 600	53.6%	£18 247 355	57.5%
Total	£24 263 572	100%	£31 723 680	100%

(C.W. Cousins: *Official year book of the Union of South Africa, 1910-1917*, p.724.)

This table shows that despite the prevalence of foreign companies, local companies were responsible for at least half of life insurance business underwritten in the Cape Province. The market share of local companies increased in the nationalistic environment during the war years, while that of the foreign companies decreased.

By the time Sanlam was established in 1918 the life insurance industry had matured into a thriving industry that generated more business in premium income than any other type of

¹⁰⁶ *Ibid.* p.725.

insurance business transacted in the Union.¹⁰⁷ In the Cape Province where Sanlam was established there were 34 life insurance companies transacting business and over 200 000 insured lives. This marked an increase from 30 000 insured lives just two decades earlier. Although most of these companies were foreign ones, the local companies headed by South African Mutual had come to occupy the bulk of the market share. These 5 local companies accounted for two-thirds of business underwritten in the Cape Province in 1918.

Table 5: Number of policies underwritten by life insurance companies operating in the Cape Province, 1918

	Number of policies	% of total
29 foreign companies	80 640	34.7%
5 local companies (South African Mutual, Southern Life, African Homes Trust, Federal and United Provident)	151 747	65.3%
Total	232 387	100%

(C.W. Cousins: *Official year book of the Union of South Africa, 1910-1917*, p.861.)

The table shows that despite the prevalence of foreign companies at the time of Sanlam's establishment in 1918, local life insurance companies held the bulk of the market share in the Cape Province. They were responsible for two-thirds of life insurance policies underwritten in that province. This suggests that there was a demand for life insurance business transacted by local companies. This was one of the main motives for the establishment of Sanlam in that year.

¹⁰⁷ C.W. Cousins: *Official year book of the Union of South Africa, 1910-1920*, p.859.

2.6 Conclusion

By the time Sanlam was established in 1918 life insurance business had been operating in South Africa for roughly a century. Although initially a small industry, by 1918 it had matured into a thriving industry that generated more premium income than any other type of insurance business transacted in the Union. It was therefore a lucrative industry to enter into. The life insurance industry in South Africa had a strong imperial history and identity that developed in the Cape with British occupation of the region at the turn of the nineteenth century. Most of the early companies that operated in the Cape Colony were branches of British or other colonial companies. Over time local companies entered the market and by the time Sanlam was established in the early twentieth century these companies headed by South African Mutual had come to dominate the market. This suggests that there was a demand for the establishment of another local company such as Sanlam especially in the nationalistic climate of the early twentieth century. As a local company Sanlam would have a role to play in promoting the development and independence of the South African economy through the investment of funds locally. While South African Mutual had set the precedence in this regard, Sanlam would add a new dimension to this role through its inclusion of the under-insured and marginalised Afrikaans-speaking section of the population. No life insurance company that represented the interests of this section of the population had existed since *De Protecteur* in the mid-nineteenth century. This placed Sanlam in a unique position as it entered the established, but competitive South African life insurance industry at the beginning of the twentieth century.

CHAPTER 3: ASSURING THE VOLK: THE ESTABLISHMENT OF THE SOUTH AFRICAN NATIONAL ASSURANCE COMPANIES, SANTAM AND SANLAM IN 1918

3.1 Introduction

Two new local companies entered the South African insurance market in 1918. They were the general insurer Santam and the life insurer Sanlam. Although the insurance industry had matured into a profitable industry by this time it was still like most sectors of the South African economy overwhelmingly represented by British companies. This chapter identifies the motives for the establishment of Santam and Sanlam both as business ventures in a lucrative industry and as national institutions that had a role to play in promoting the economic development and independence of the country that was still largely under British control.

3.2 Business motive for the establishment of Santam and Sanlam

3.2.1 State of the insurance industry in 1918

There was an opening for the establishment of two new local companies like Santam and Sanlam in the South African insurance market in the early twentieth century. The insurance industry was an established and profitable industry that had been operating in the country for over a century. In 1918 insurance contributed £4.1 million (2.4%) to South Africa's national income.¹ Life insurance in particular was a profitable type of business that generated more premium income than any other type of insurance business transacted in the Union.

¹ H. Spyrou: *The development of insurance business in the Union of South Africa*, p.334.

Table 6: Performance of the various types of insurance transacted in the Union, 1918

	Premium Income
Life insurance	£2 450 612
Fire insurance	£868 226
Marine insurance	£324 667
Workmen's compensation	£287 163
Motor car insurance	£81 292
Livestock insurance	£3140
Other	£139 782
Total	£4 154 882

(C.W. Cousins: *Official yearbook of the Union of South Africa, 1910-1920*, p.859.)

The table shows that more than half of premium income earned from insurance in the Union came from life insurance. The higher demand for life insurance may be attributed to industrialisation and urbanisation in response to the mineral revolution which created financial dependence on the breadwinner who worked outside of the home. This also explains the high demand for workmen's compensation which made provision against loss of income due to injury. Industrialisation was accompanied by increased levels of disposable income and the purchase of luxury items including motor cars which needed to be protected from damage or theft. This explains the high demand for fire and motor car insurance, while the demand for livestock insurance was lower in this industrialised environment. The average amount spent on long-term insurance i.e. life insurance per head by the European (white) population in 1918 was £1.711 and £1.199 for short-term insurance.²

² *Ibid.*

Santam sold various types of insurance including life, fire, marine and livestock insurance.³ Its life insurance department was converted into a separate company Sanlam a few months after its establishment.⁴ This may be an indication that the life insurance department generated greater volumes of business than the other departments and that it would be better managed as a separate entity. Despite this separation the two companies retained close ties and Santam operated as the parent company of Sanlam.⁵ Apart from its insurance business, Santam also administered trusts and estates which was another area of business that enjoyed prosperity at the beginning of the twentieth century. This was highlighted as one of the motives for the establishment of Santam in the company's prospectus:

“From the Balance Sheets of the Trust Companies at present operating in South Africa, it is apparent that there is an ever growing tendency on the part of the public to entrust the administration of their affairs to Corporations specialising in Estate work and it is also apparent that this is a profitable business. Trust Companies in South Africa with very few exceptions have been highly successful. It is a recognized fact that the shares of a well managed Trust Company afford a safe and improving investment and as a permanent investment there is probably no brand of Joint Stock enterprise in this country which should command more favourable consideration.”⁶

By offering a range of products and services Santam was able to increase its competitiveness in the South African insurance market.

Over 80% of insurance companies operating in the Union in 1918 were branches of foreign companies. Despite the prevalence of foreign companies, local companies performed comparably well in the nationalistic environment of the early twentieth century.⁷ This is illustrated by the performance of local life insurance companies operating in the Cape

³ Santam: *Prospectus*, 1918.

⁴ Santam: *Board meeting minutes*, 3 May 1918.

⁵ *Ibid.*

⁶ Santam: *Prospectus*, 1918.

⁷ C.W. Cousins: *Official year book of the Union of South Africa, 1910-1920*, p.858.

Province where Santam and Sanlam were established. As referred to in the previous chapter, in 1918 only 15% of life insurance companies operating in the Cape Province were local companies; yet these companies accounted for 65% of business underwritten there.⁸ This suggests that there was a demand for insurance business transacted by local companies. The establishment of the Union in 1910 and the outbreak of World War I in 1914 evoked a sense of nationalism that generated support for the local companies. This opening for local companies in the South African insurance market was highlighted as one of the motives for the establishment of Santam in the company's prospectus: "There is undoubtedly an excellent opening for a South African company, the business today being largely in the hands of foreign companies."⁹ Similar sentiments were expressed regarding the establishment of Sanlam at the company's first annual general meeting: "much scope and great necessity existed for another South African Company."¹⁰

Santam and Sanlam included the under-insured and marginalised Afrikaans-speaking section of the population in their target markets as part of their vision to operate as truly national institutions. This is reflected in various aspects of their corporate identity and daily operations including the profile of their senior management, the profile of their office and field staff, their products, their advertisements and their involvement in the community. This will be discussed in more detail in the next chapter. No such company that directly represented and targeted this section of the population had existed since *De Protecteur* in the mid-nineteenth century.¹¹ It therefore placed Santam and Sanlam in a unique position in the insurance market, to exploit the as yet untapped Afrikaans-speaking market.

3.2.2 Professional profile of founders

The establishment of Santam and Sanlam was made possible by the fact that its founders comprised of well-educated and accomplished businessmen who had some experience of

⁸ C.W. Cousins: *Official year book of the Union of South Africa, 1910-1917*, p.861.

⁹ Santam: *Prospectus*, 1918.

¹⁰ Sanlam: *Chairman's address*, 23 December 1919, p.1.

¹¹ H.M. Hirsch: *Early days of insurance in South Africa 1826—1860*, January 1963, p.19.

insurance and related business.¹² This was a unique situation in an industry overwhelmingly represented by British companies where there were few locals with such experience, especially in the Afrikaans-speaking community. The fact that the founders of Santam and Sanlam came from the local community allowed these two institutions to retain their national identity. The fact that it included representatives of the Afrikaans-speaking community demonstrated that Afrikaners could succeed in business. The Scot Alfred MacDowall was the only foreigner amongst the group of seven founders. The remaining six founders CG Fichardt, FH Dormehl, WA Hofmeyr, CR Louw, PA Malan and AFJ Benning were all national citizens and prominent figures from the Afrikaans-speaking community.¹³

Alfred MacDowall was a banker who previously worked for the National Bank of Scotland. He immigrated to South Africa in 1897 to take up a position with the Standard Bank of South Africa. His insurance experience came from working for Norton & Co in the Transvaal as an inspector and for the General Accident Fire and Life Assurance Corporation in the Cape as an accountant and acting manager.¹⁴ CG Fichardt was the son of a German immigrant and prominent Free State businessman GA Fichardt. Although educated at Grey College in Bloemfontein where he matriculated in 1887, he received his training in Business and Administration abroad. After completing his training in Scotland and Germany he took up a position with the London-based firm W Dunn. He returned to South Africa in 1891 and joined his father's firm GA Fichardt Ltd. Shortly thereafter he took over the management of Fichardt Estate, Private Bank and Financial Agents. By the outbreak of the Anglo Boer War in 1899, Fichardt had become an established businessman with various business interests in the Free State. These business activities were briefly interrupted by the war. After the Anglo-Boer War he became a partner in the firm Fichardt and Daniels. This firm was the Free State representative of the General Accident Fire and Life Assurance Corporation where MacDowall worked as an accountant. This association brought Fichardt and MacDowall into contact with each other. Fichardt also served on the boards of the National Bank, the Imperial Hotel and various business enterprises in the Free State.¹⁵ FH Dormehl had 18 years

¹² C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol. V, pp.465-466; D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, pp.242, 300-302, 416-417, Sanlam: Selected biographies of founders.

¹³ *Ibid.*

¹⁴ *Die Fakkel*, 1 November 1948, p.2; Sanlam: Biographical notes on Alfred MacDowall.

¹⁵ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, pp.300-301; Sanlam: Biographical notes on CG. Fichardt; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.3, 6-7, 10-11, 13.

experience in the insurance industry. After receiving his education at the South African College he joined the London and Lancashire Insurance Company in Cape Town at the age of 16 where he took up the position of clerk. Later he joined the Alliance Insurance Company where he held the position of head clerk while he trained to become an accountant. As a qualified accountant he took up a position with the General Executors Chamber.¹⁶ WA Hofmeyr, CR Louw and PA Malan were all qualified lawyers and alumni of Victoria College in Stellenbosch.¹⁷ PA Malan had also attended the South African College, the same institution as Dormehl.¹⁸ Hofmeyr was educated in Montagu and Wellington after which he completed his BA degree at Victoria College in 1889. He then trained as a lawyer with the firm of FW Beyers in the Transvaal while teaching part-time. After the Anglo-Boer War Hofmeyr returned to the Cape where he became a partner in the firm Bisset and Hofmeyr where he remained until he entered politics in 1915.¹⁹ CR Louw was educated at Paarl Gymnasium in the Cape where he matriculated in 1894. He spent the next two years studying law at Victoria College. After completing his studies he joined the Pretoria based law firm Roux, Ballot and Jacobz as a clerk. Shortly after the Anglo-Boer War Louw went into partnership with WR Collins in Ermelo in the south-eastern Transvaal. This law firm served as the Ermelo agency for various insurance companies. In 1916 Louw returned to the Cape where he started his own legal practice.²⁰ AFJ Benning, the son of a Dutch immigrant, had extensive business interests in the construction industry.²¹

Not only did the founders of Santam and Sanlam possess the skills and experience necessary to implement the establishment of these two new local insurance companies, but their shared educational and professional backgrounds connected them and unified them in this pursuit.²² Their success at business meant that they had acquired an entrepreneurial spirit and access to

¹⁶ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, p.242; Sanlam: Biographical notes on FH Dormehl.

¹⁷ C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol V, pp.465-466; D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, pp.416-417; Sanlam: Biographical notes on WA Hofmeyr, CR Louw and PA Malan; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.701.

¹⁸ Sanlam: Biographical notes on PA Malan.

¹⁹ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, pp.416-417; Sanlam: Biographical notes on WA Hofmeyr.

²⁰ C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol V, pp.465-466; Sanlam: Biographical notes on CR Louw.

²¹ Sanlam: Biographical notes on AFJ Benning; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.701.

²² G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.701.

wealth that made the establishment of these two national institutions possible. When referring to the role that the Cape based Afrikaner elite played in the establishment of Santam and Sanlam, Verhoef (2008) notes that “the elite were undisputedly capitalist... the Cape was one part of South Africa in which Afrikaners had a clear and long-established stake in capitalism.”²³

3.3 Development motive for the establishment of Santam and Sanlam

3.3.1 State of the economy in 1918

While the early twentieth century was a profitable time for the insurance industry, it was also a challenging time for the establishment of two new local companies like Santam and Sanlam. These new entrants to the insurance market would face competition from more experienced companies. At the time of Santam and Sanlam’s establishment in 1918, the country and the rest of the world was still engaged in World War I. Later that year the Spanish flu epidemic broke out. These two events resulted in increased death claims for life insurers.²⁴ The Spanish flu epidemic claimed the life of FH Dormehl one of the founders and senior officials of Santam and Sanlam.²⁵ A total amount of £1 250 000 was paid out for flu related claims by insurance companies transacting business in South Africa from September to November 1918.²⁶ While the war itself stimulated industrialisation and economic growth, its conclusion at the end of 1918 would result in an economic depression that gripped the country in the early 1920s. This would place Santam and Sanlam under strain during their foundation years.²⁷ The Afrikaans-speaking market which Santam and Sanlam targeted was not yet an established market for insurance. This market still depended on subsistence agriculture and was not as urbanised and integrated into the mainstream economy as the English-speaking market. Life insurance demand in particular relied on a large urban population and financial dependence on the breadwinner who worked outside of the home. This did not apply to the Afrikaans-speaking population that was largely farming based. These challenging circumstances at the beginning of the twentieth century suggest that there was not a purely business motive for the establishment of Santam and Sanlam. Their founders

²³ *Ibid.*

²⁴ Sanlam: *Chairman’s address*, 23 December 1919.

²⁵ Sanlam: *Board meeting minutes*, 2 December 1918, p.9.

²⁶ G. Verhoef: *Savings for life to build the economy of the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.124.

²⁷ Sanlam: *Chairman’s address*, 8 December 1922, p.1.

were committed to managing these companies as truly national institutions even if it meant that business would be slow initially. They envisioned that these companies would play an important role in promoting the economic development and independence of the country that was still largely under British control.²⁸ They were particularly committed to the empowerment of the marginalised Afrikaans-speaking population.

British companies dominated all sectors of the South African economy except for agriculture at the beginning of the twentieth century. Overall the South African economy was still too dependent on agriculture. The Afrikaans-speaking section of the population in particular was marginalised. The mineral revolution of the late nineteenth century and accompanying industrialisation and urbanisation negatively impacted Afrikaners whose main means of subsistence was agriculture. Afrikaners lacked the education, skills and command of the English language to adapt to the modern, British dominated economy. Skilled and semi-skilled work, the professions and positions in the civil service were mostly taken up by local or immigrant English speakers and lower level unskilled positions by blacks who were a source of cheap labour. This left little room for Afrikaners to enter the mainstream economy.²⁹

Afrikaners in the North were devastated by the effects of war and drought. The Anglo Boer War resulted in loss of life, livestock and land on which Afrikaners depended for their livelihood.³⁰ This situation was exacerbated by the economic depression which gripped the country from 1903 to 1909.³¹ Drought affected large parts of the Free State from 1908 to 1912 threatening the farming existence of Afrikaners living in that part of the country.³²

²⁸ *Ibid*, 22 December 1920; Santam: *Chairman's address*, 23 December 1919.

²⁹ H. Giliomee: *The Afrikaners: Biography of a people*, pp.318, 323; MS Louw: *Aantekeninge oor die ekonomiese posisie van die Afrikaner, Historiese agtergrond op sakegebied*. p.2; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.696.

³⁰ G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.695; G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.212.

³¹ G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.212.

³² H. Giliomee: *The Afrikaners: Biography of a people*, p.379.

Despite the establishment of the Union of South Africa in 1910 the economy remained largely in British hands. The South African government did not nationalise assets or follow a policy of indigenisation after the establishment of the Union.³³ This is illustrated by the profile of the mining labour force in 1910. Only 27.2% of the white mining labour force was born in South Africa.³⁴ In 1910 the economy was still largely dependent on agriculture which did not make a significant contribution to the growth and development of the country. 48.3% of the white population was involved in agriculture; yet this sector only contributed 22.9% to national income.³⁵

To address the issue of poverty amongst the white population, the Cape Dutch Reformed Church organised the Cradock Congress in 1916. It was estimated that at the time there were 106 000 poor whites living in South Africa out of a total white population of 1.4 million. Most of these poor whites were Afrikaners.³⁶ The Congress highlighted a lack of education as one of the prime reasons for the impoverished state of large sections of the white population and particularly the Afrikaans-speaking section of that population. A quarter of white children between the ages of 6 and 16 years had no formal education.³⁷ Only 15% of Afrikaans-speaking children succeeded beyond the 7th school year and only 4% progressed far enough to become proficient in English.³⁸ This explains the inability of Afrikaners to be integrated into the mainstream economy. To address this situation Congress leaders appealed to the government to make education compulsory up until standard VI or the age of 16.³⁹ The Cradock Congress was one of the first initiatives by members of the Afrikaans-speaking community to address poverty amongst whites. The founders of Santam and Sanlam, several of whom were prominent members of the Afrikaans-speaking community and members of the Dutch Reformed Church, themselves were inspired by this initiative. They believed that the establishment of another local insurance company would contribute towards the economic development and independence of the country and in particular towards the economic

³³ G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.213.

³⁴ *Ibid*, p.212.

³⁵ *Ibid*.

³⁶ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.27; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.8.

³⁷ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.19; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.8.

³⁸ H. Giliomee: *The Afrikaners: Biography of a people*, p.363.

³⁹ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.28.

upliftment of the Afrikaner people. By 1917 Afrikaners only contributed 13% to national income and their contribution to non-agricultural sectors was only 3%.⁴⁰ In 1918 the economy was still largely dependent on agriculture. One third of South Africa's national income came from agriculture, one-fifth from mining and one-tenth from manufacturing.⁴¹ This over-dependence on agriculture was highlighted as one of the motives for the establishment of Santam during the company's first annual general meeting:

“Farming which for a long time has been the vocation elect of the South African, and today still plays the most important part in the economic life of the people, does not any longer offer the opportunities it did. The partition of farms, with the growth of families has already taken place to a large extent and the available farm land is today hardly sufficient to afford the people of the country an opportunity to earn a livelihood out of farming pure and simple.”⁴²

The Chairman WA Hofmeyr emphasized the importance of the development of commerce and industry to achieve economic independence:

“Up to present the South African nation, and more especially the Dutch-speaking section has devoted itself almost exclusively to the professions, the commerce and industry of their own country were entrusted solely to newcomers, who from time to time migrate to our shores. In latter years it has been our experience that the one profession after the other has become overstocked, and the competition so keen that only a few could rise to the top of the ladder and make good. Thinking South Africans have gradually come to the conclusion that it is urgently necessary that we should turn our attention to commerce and should attempt to make ourselves economically independent of the outside world.”⁴³

⁴⁰ *Ibid*, p.60; C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol V, p.466.

⁴¹ MS Louw: Aantekeninge oor die ekonomiese posisie van die Afrikaner, Historiese agtergrond op sakegebied. p.2.

⁴² Santam: *Chairman's address*, 23 December 1919, p.1.

⁴³ *Ibid*.

Local insurance companies had a role to play in the development of commerce and industry through the investment of funds locally. Sanlam would achieve this through the establishment of finance houses from 1940 to 1960. These finance houses facilitated the establishment of in particular Afrikaner enterprises in commerce and industry.⁴⁴ The establishment of local companies in commerce and industry created employment and developed skills which promoted the economic development and independence of the country.

3.3.2 Involvement in other national causes

The founders of Santam and Sanlam were not only connected by their educational and professional backgrounds, but also through personal connections and their involvement in other national causes. This included their involvement in the recognition of Afrikaans as official language alongside English. Hofmeyr and Dormehl were involved in the establishment of the Cape Town branch of the *Afrikaanse Taalvereniging* in 1906. This organisation worked for the recognition of Afrikaans as a written language. Hofmeyr served as its first secretary.⁴⁵ Hofmeyr and Dormehl were both members of the Dutch Reformed Church in Wynberg in the Cape. English sermons were not uncommon in this church due to the strong English presence at the Cape. In 1912 Hofmeyr and Dormehl succeeded in having these English sermons scrapped in favour of Afrikaans ones.⁴⁶ In 1916 Hofmeyr and CR Louw were involved in the establishment of an Afrikaans medium school *Hoërskool Jan van Riebeeck* in the Cape.⁴⁷

The founders of Santam and Sanlam were also involved in the establishment of the National Party – a political party which represented the interests of the Afrikaans-speaking population. The issue of language had also caused division within the South African Party – the ruling party of the newly established Union of South Africa under the leadership of General Botha.

⁴⁴ *Die Fakkels*, 1 September 1960, p.4; Sanlam: Chairman's address, 19 December 1945, pp.3-5; 16 February 1955, p.4; 16 March 1960, pp.6-7; G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.128-129, 135; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.698.

⁴⁵ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.40; C.F.J. Muller. *Sonop in die Suide*, p.42; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.4-5.

⁴⁶ J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.4.

⁴⁷ *Ibid.*

Botha was committed to reconciliation between the two language groups in South Africa. Hertzog, a nationalist from the Free State and a member of Botha's cabinet would only support this if it meant equal recognition of the rights for Afrikaners alongside those of the English-speaking section of the population. Hertzog was also critical of the nature of South Africa's constitutional relationship with Britain especially with regards to South Africa's participation in the First World War. Hertzog felt that the subordinate position of Afrikaners to the English-speaking section of the population mirrored that of South Africa's subordinate position to the British Empire.⁴⁸ This prompted Hertzog's "South Africa first speech" in 1912 in which he remarked that "imperialism was only important to (him) when it was useful for South Africa."⁴⁹ If it did not benefit South Africa he was opposed to it. Hertzog's pro-nationalist views conflicted with Botha's reconciliation goals and efforts to attract support from the English-speaking section of the population. As a result he excluded Hertzog from his cabinet in 1912.⁵⁰ Hertzog enjoyed support from young Afrikaner nationalists and he established his own party, the National Party in Bloemfontein in 1914.⁵¹ One of his supporters was the Free State businessman Fichardt. As a member of the National Party, Fichardt was elected to the National Assembly in 1915.⁵² Branches of this party were established elsewhere in the country. Some of Hertzog's supporters established a branch of the National Party in the Transvaal. They appointed Tielman Roos, a lawyer from Pretoria as their leader. Roos later served on the first boards of directors of Santam and Sanlam.⁵³ Hertzog's supporters in the Cape included Dormehl, Hofmeyr and PA Malan. Like Hofmeyr and PA Malan, Hertzog was an alumni of Victoria College.⁵⁴ PA Malan established a branch of the National Party in Worcester with himself as the chairman. When a branch of the National Party for the whole of the Cape Province was established in 1915, Hofmeyr was appointed as its organising secretary. He was also instrumental in convincing Afrikaner religious leader DF Malan to leave the ministry and take up the position as the party's leader.

⁴⁸ H. Giliomee & B. Mbenga: *New history of South Africa*, pp.233-234; H. Giliomee: *The Afrikaners: Biography of a people*, pp.360-361, 369.

⁴⁹ H. Giliomee: *The Afrikaners: Biography of a people*, p.360.

⁵⁰ *Ibid*, pp.369-370; H. Giliomee & B. Mbenga: *New history of South Africa*, p.234.

⁵¹ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.36; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.3.

⁵² D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, p.301.

⁵³ H. Giliomee & B. Mbenga: *New history of South Africa*, p.234; H. Giliomee: *The Afrikaners: Biography of a people*, p.370.

⁵⁴ G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.700.

The party immediately attracted support winning seven of the province's seats in the general election held barely a month after its establishment.⁵⁵

The founders of Santam and Sanlam were involved in the establishment of another institution for the advancement of the Afrikaner people, namely the publishing house *Nasionale Pers*.⁵⁶ The establishment of *Nasionale Pers* developed out of the idea of establishing an Afrikaans newspaper at the Cape that would represent the nationalists' point of view on issues such as the war and the Rebellion. The press like other spheres of life at the Cape was predominantly English. *Ons Land* was the only other Afrikaans newspaper at the Cape, but it did not necessarily represent the point of view of the nationalists.⁵⁷ The idea of establishing such a newspaper at the Cape was led by other prominent Afrikaners including Hendrik Bergh, the manager of the Stellenbosch District Bank and the businessman Bruckner de Villiers who was the brother-in-law and private secretary of Jannie Marais. Marais himself would become a key figure in the establishment of *Nasionale Pers*. He had made his fortune on the diamond mines before settling on his farm in Stellenbosch and would become the largest shareholder of the District Bank.⁵⁸ The District Bank was another example of a national institution. It conducted its business in a way that promoted the economic independence and upliftment of the local population and in particular the marginalised Afrikaans-speaking section of that population.

“The imperial banks, interested primarily in the upper end of the market did not hesitate to call in credit in times of recession and sent most of their dividends abroad. As a local institution the District Bank pitched its service at the community at large; it offered better rates and advanced loans to farmers who had difficulty getting credit from the imperial banks after their harvest failed.”⁵⁹

⁵⁵ H. Giliomee: *The Afrikaners: Biography of a people*, p.373; W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.38; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.4, 6.

⁵⁶ H. Giliomee: *The Afrikaners: Biography of a people*, pp.95-7, 101; H. Giliomee & B. Mbenga: *New history of South Africa*, p.291; W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.22; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.6.

⁵⁷ C.F.J. Muller: *Sonop in die Suide*, pp.51, 59.

⁵⁸ H. Giliomee: *The Afrikaners: Biography of a people*, p.373.

⁵⁹ *Ibid*, p.374.

Santam and Sanlam would be established on the same principle. Marais's donation of £100 000 to Victoria College helped lay the foundation for the establishment of Stellenbosch University, the first Afrikaans university in South Africa in 1918.

Hofmeyr, Dormehl and PA Malan attended early talks regarding the establishment of an Afrikaans newspaper at the Cape. During these discussions some concerns were raised about the feasibility of such an undertaking. Most of these concerns were raised by Jannie De Waal who had some experience in the newspaper industry.⁶⁰ De Waal was also the nephew of Hofmeyr.⁶¹ De Waal felt that another newspaper competing with *Ons Land* was destined to fail. Readership numbers were small because of the low level of education amongst the Afrikaans-speaking population. A pro-Hertzog nationalist newspaper was likely to be unpopular in the Cape with its strong British presence and would struggle to attract advertisers.⁶² Despite these concerns they decided to go ahead with the establishment of the Afrikaans publishing house *Nasionale Pers* in 1914. *Nasionale Pers* was established with a nominal capital of £30 000 divided into shares of £1 each. Jannie Marais provided most of the start-up capital for the establishment of *Nasionale Pers* by purchasing a quarter of the first 20 000 shares. The establishment of *Nasionale Pers* demonstrated that Afrikaners were capable of raising capital for the establishment of their own institutions.⁶³ The founders of Santam and Sanlam drew inspiration from this. Dormehl served as the first general manager and secretary of the newly established *Nasionale Pers* and Hofmeyr as its first chairman.⁶⁴ CR Louw served on its first board of directors.⁶⁵ During its first 10 years *Nasionale Pers* was not profitable and it was kept afloat by loans from banks, the Cape National Party and private individuals. No dividend was paid out to shareholders until 1928.⁶⁶ This demonstrated that *Nasionale Pers* was established as a national institution and not with a purely business motive.

⁶⁰ *Ibid*, p.60; Sanlam: Biographical notes on F. Dormehl, WA Hofmeyr, PA Malan; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.6; H. Giliomee: *The Afrikaners: Biography of a people*, p.374.

⁶¹ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, p.417.

⁶² H. Giliomee: *The Afrikaners: Biography of a people*, pp.373-374; C.F.J. Muller: *Sonop in die Suide*, p.50.

⁶³ H. Giliomee: *The Afrikaners: Biography of a people*, p.374; W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.22; C.F.J. Muller: *Sonop in die Suide*, pp.99, 102.

⁶⁴ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, pp.22, 34, 40; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*. pp.4-5, Sanlam: Biographical notes on WA Hofmeyr.

⁶⁵ Sanlam: Biographical notes on CR Louw; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.4-5.

⁶⁶ H. Giliomee: *The Afrikaners: Biography of a people*, pp.338, 387.

Nasionale Pers published an Afrikaans newspaper *De Burger* in 1915. Once again Jannie Marais provided most of the funding for the establishment of this newspaper in addition to the sale of shares in the newspaper.⁶⁷ *De Burger* was to serve as the mouthpiece for the Afrikaner people. This aspect was highlighted in an advertisement which outlined *De Burger*'s vision: "to afford a medium to the Dutch speaking people of South Africa wherein the public affairs of the country may be discussed".⁶⁸ Like *Nasionale Pers*, *De Burger* was established as a national institution rather than a purely business one. It was not profitable in its first forty years.⁶⁹ The establishment of these Afrikaner institutions was met with some opposition. The refusal of firms to supply *De Burger* with printing blocks resulted in CR Louw buying out the established printing blocks firm MacManus with his own capital.⁷⁰ Another Afrikaans publication *De Huisgenoot* followed in 1916. It was known as "the people's university" as it brought educational content to a wide audience. At one stage *De Huisgenoot* was read by a fifth of Afrikaner families.⁷¹

De Burger played an important role in generating support for the *Helpmekeer* movement. The *Helpmekeer* movement was a fund established by Afrikaner religious and community leaders to assist the rebels to pay fines and civil charges brought against them following the Rebellion (1914-1915).⁷² The Rebellion was organised by former Anglo Boer War generals in opposition against South Africa's participation in the First World War on the side of the Allied forces against Germany. The reason for this opposition was that Germany had sympathized with the Boers during the Anglo Boer War. The memories of the destruction caused by the Anglo Boer War barely a decade earlier was still fresh in the minds of the Boer generals.⁷³ The Rebellion was however quickly suppressed leaving the rebels with fines to pay for damage caused to property.⁷⁴ In the Free State the rebels were fined an amount of

⁶⁷ G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.215.

⁶⁸ C.F.J. Muller: *Sonop in die Suide*, p.146.

⁶⁹ H. Giliomee: *The Afrikaners: Biography of a people*, p.338.

⁷⁰ C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol V, p.466.

⁷¹ H. Giliomee & B. Mbenga: *New history of South Africa*, p.291.

⁷² *Ibid*, p.383, 386; G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.215.

⁷³ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South African 1918-2000*, p.120.

⁷⁴ H. Giliomee: *The Afrikaners: Biography of a people*, pp.380-382; H. Giliomee & B. Mbenga: *New history of South Africa*, p.239.

£300 000 and in the Transvaal £35 000.⁷⁵ Branches of the *Helpmekaar* movement were established throughout the country to assist the rebels with the payment of these fines. Hofmeyr was the chairman of the Cape branch of the *Helpmekaar* movement.⁷⁶ Hertzog, Fichardt, Hofmeyr and CR Louw had served in the Anglo Boer War and sympathized with the rebels.⁷⁷ DF Malan, the editor of *De Burger* used his leverage as a religious and political leader to appeal to readers to support the *Helpmekaar* movement. It drew donations from Afrikaners from all walks of life and unified them around this cause.⁷⁸ By the end of 1917 the *Helpmekaar* movement had reached its target and was able to pay fines and settle the claims owing by the rebels. The balance was put towards bursaries to further the education of the Afrikaner youth.⁷⁹ The success of the *Helpmekaar* movement demonstrated the ability to mobilise Afrikaner savings. “All at once the Afrikaner realised that comparatively poor as he was, there nevertheless lay locked up in him a dispersed capital which could and must help him to find his economic feet – if the money could be effectively mobilised.”⁸⁰

The success of the *Helpmekaar* Movement not only demonstrated that capital could be raised for the establishment of an Afrikaans insurance company, but that such a company would be able to fulfill its function of mobilising Afrikaner contractual savings. These savings could in turn be invested back into the South African economy, to create employment and empower the local population.⁸¹

⁷⁵ H. Giliomee: *The Afrikaners: Biography of a people*, p.386; G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.215.

⁷⁶ D. O’ Meara: *Volkskapitalisme: Class, capital and ideology in the development of Afrikaner nationalism, 1934-1948*, p.98.

⁷⁷ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, pp.301, 417; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, pp.699-700.

⁷⁸ *Ibid*, p.97; H. Giliomee: *The Afrikaners: Biography of a people*, p.386.

⁷⁹ C.J.F. Muller: *Sonop in die Suide*. p.640; D. O’ Meara: *Volkskapitalisme: Class, capital and ideology in the development of Afrikaner nationalism, 1934-1948*, p.97; Sanlam: Biographical notes on MS Louw; G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.215.

⁸⁰ D. O’ Meara: *Volkskapitalisme: Class, capital and ideology in the development of Afrikaner nationalism, 1934-1948*, p.97.

⁸¹ H. Giliomee: *The Afrikaners: Biography of a people*, pp.338, 386-387; D. O’ Meara: *Volkskapitalisme: Class, capital and ideology in the development of Afrikaner nationalism, 1934-1948*, p.97; Sanlam: Biographical notes on MS Louw; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.11; G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.215.

The involvement of Santam and Sanlam's founders in initiatives to increase Afrikaner participation in all spheres of national life strengthened the connections between them and inspired their pursuit for the establishment of an insurance company which represented the interests of the Afrikaner people. Once Afrikaners had achieved some representation politically and culturally through the establishment of their own party and press, the next step was to increase their representation in the economy through the establishment of their own insurance company.

3.4 Establishment of Santam

The founders of Santam and Sanlam drew inspiration from the establishment of these institutions in their pursuit of a local insurance company that represented the interests of the Afrikaner people. "The close network of the small business elite mobilised the endogenous forces of nationalism to drive business development and thus economic advancement of Afrikaners."⁸² Alfred MacDowall and JH Harris, Scottish and Irish nationalists respectively shared these anti-English sentiments and sympathized with the Afrikaner nationalists. MacDowall was married to an Afrikaans woman. Both MacDowall and Harris worked for the General Accident Fire and Life Assurance Corporation in the Cape. MacDowall as an accountant and Harris as an agent. They had observed the success of the *Helpmekeer* Movement and recognised the business potential for the establishment of such an insurance company.⁸³ They raised the matter with the founders and senior officials of *Nasionale Pers* including Dormehl, Hofmeyr, CR Louw and PA Malan to find that they had already discussed the idea of the establishment of such an insurance company amongst themselves.⁸⁴ Hofmeyr in particular was inspired by the only previous attempt at such a company, *De Protecteur* in the mid-nineteenth century that was managed by his uncle JH Hofmeyr.⁸⁵ MacDowall had written to Hofmeyr concerning the establishment of a local, Afrikaans-orientated insurance company saying that "You must capitalize on the wave of

⁸² G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.699.

⁸³ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South African 1918-2000*, p.121.

⁸⁴ G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.701.

⁸⁵ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, p.417.

nationalism”.⁸⁶ PA Malan travelled to Bloemfontein to discuss the establishment of such an insurance company with former Orange Free State president MT Steyn and CG Fichardt who were close friends. Fichardt was a well-known Free State businessman whose partnership Fichardt and Daniels was the Free State representative of the General Accident Fire and Life Assurance Corporation. This brought him into contact with MacDowall and Harris. Out of these initial discussions a sub-committee comprising of Hofmeyr (chair), Dormehl (secretary), PA Malan and CR Louw was formed to discuss the establishment of this insurance company.⁸⁷

The first Provisional Board Meeting of the proposed company Santam took place at the Royal Hotel in Cape Town on 5 December 1917. It was attended by AFJ Benning, FH Dormehl, CG Fichardt, WH Hofmeyr, CR Louw, PA Malan and Alfred MacDowall. The choice of a neutral venue may be attributed to the fact that Fichardt who chaired the meeting had a German surname and lineage. Such individuals were not welcome everywhere in the World War I environment. Another reason was that some of the founders were supporters of Hertzog who opposed South Africa’s participation in the war. Further meetings were held at the offices of *De Burger*.⁸⁸

It is likely that this first meeting was held in English to accommodate MacDowall – the only foreigner amongst the group of seven founders. MacDowall was appointed as the secretary of the proposed company and probably compiled the minutes of this meeting which appear in English. English was the standard language of business at the time and the founders were for the most part fully bilingual.⁸⁹ This is an early indication that the proposed company would operate as a national institution that included both language groups. Although much of its initial focus revolved around the inclusion of the under-insured and marginalised Afrikaans-speaking market, it was not an exclusively Afrikaans company.

⁸⁶ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South African 1918-2000*, p.121; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.701.

⁸⁷ Sanlam: Various documents on Sanlam’s establishment; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*.

⁸⁸ Santam: *Provisional Board meeting minutes*, 5 December 1917; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.3.

⁸⁹ *Ibid.*

Other senior staff appointments were made during this meeting. Initially Fichardt was appointed as the chairman of the board of Santam. He resigned from this position before the company was registered due to his other business commitments at Fichardt and Daniels. Santam would conduct similar business to Fichardt and Daniels. Therefore it would create a conflict of interests for Fichardt to work for both. Hofmeyr was appointed in place of Fichardt as chairman of the board of Santam.⁹⁰ Dormehl was appointed as the managing director of Santam and JH Harris as its agency manager. The appointment of English-speaking staff like Harris early on was not unusual as there were few Afrikaners with insurance experience at this time. It is also a further indication that Santam did not operate as an exclusively Afrikaans company. Two senior appointments were made in the Free State where Santam established a branch. JS Botha was appointed as manager and JC Daniels as attorney for the Free State branch.⁹¹ The Free State branch was testament to Santam's connections to the Free State businessman Fichardt. At subsequent meetings further staff appointments were made. CW Malan another lawyer and National Party member from the Cape accepted the invitation to join Santam's board.⁹² Jan S de Villiers was appointed as the attorney instructed with the task of drawing up the Articles of Association of Santam.⁹³

The first board meeting of Santam was held on 21 January 1918. During this meeting PGW Grobler another National Party member from the Transvaal was appointed to the board of Santam. The Articles of Association of Santam were approved. Fichardt, Dormehl and CR Louw were instructed to issue the prospectus of Santam.⁹⁴ Santam would be established with a nominal capital of £300 000 divided into 300 000 shares of £1 each.⁹⁵ The next board meeting was held on 26 March 1918. CTM Wilcocks, a businessman and politician from the Free State was appointed to the board of Santam to replace Fichardt who had resigned. Further staff appointments were made. SJP West was appointed as fire manager and RIC Scott-Hayward as accident manager. West previously worked as the fire insurance manager for London & Lancashire and as the head clerk for Alliance. Scott-Hayward was also an

⁹⁰ Santam: *Provisional Board meeting minutes*, 5 December 1917; Santam: *Board meeting minutes*, 21 January 1918; 26 March 1918.

⁹¹ Santam: *Provisional Board meeting minutes*, 5 December 1917; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.11.

⁹² Santam: *Provisional board meeting minutes*, 22 December 1917.

⁹³ *Ibid*, 11 December 1917, 22 December 1917, 28 December 1917; Sanlam: Biographical notes on CW Malan, SJP West, Reginald Scott-Hayward; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.10-11.

⁹⁴ Santam: *Board meeting minutes*, 21 January 1918.

⁹⁵ Santam: *Provisional Board meeting minutes*, 5 December 1917; Santam: *Prospectus*, 1918.

experienced insurance man having previously worked for Alliance and Commercial Union.⁹⁶ 4000 applications for shares had already been received and the board decided to go ahead with the registration and establishment of Santam.⁹⁷ Santam, the South African National Trust and Assurance Company was registered on 28 March 1918.⁹⁸ It would conduct trust business and all types of insurance business including life, fire, livestock, marine and accident insurance. The life insurance department of Santam operated on the mutual principle.⁹⁹ At registration the board of Santam comprised of WA Hofmeyr (chairman), CTM Wilcocks (vice-chairman), AFJ Benning, PGW Grobler, CR Louw, TJ Louw, CW Malan and T Roos. Colin Steyn joined the board on 18 April 1918.¹⁰⁰ An effort was made to include representatives from both the Northern and Southern parts of the country on Santam's board. In this way Santam would be able to reach especially Afrikaners in both parts of the country.¹⁰¹ Further senior staff appointments were made. GW Paterson was appointed as actuary, MS Louw as assistant actuary, PF Theron as accountant and HD Max Ackermann as the chief medical official.¹⁰² As far as possible locals were employed on Santam's staff to fulfil its vision of operating as a national institution and contributing to the economic upliftment of the local population.¹⁰³ Santam operated largely as a bilingual company.¹⁰⁴ Its operations were not confined to the Cape. It established branches in Bloemfontein, Johannesburg, Pretoria and Port Elizabeth.¹⁰⁵ Santam would however find its niche market amongst the farmers in the Cape.¹⁰⁶ The fact that the farming community in the Cape possessed some wealth and access to disposable income contributed to Santam's establishment in terms of the purchase of shares and to its success in terms of the purchase of policies. Shares in Santam were not only sold to the elite, but also to ordinary citizens to contribute to their economic upliftment. The company was established with local capital and its profits would be retained within the country. This commitment to operating as a national institution was captured in the slogan "*uit die volk*

⁹⁶ Sanlam Biographical notes on CW Malan, SJP West, Reginald Scott-Hayward; Santam: *Provisional Board meeting minutes*, 11 December 1917; 22 December 1917, 28 December 1917.

⁹⁷ Santam: *Board meeting minutes*, 26 March 1918.

⁹⁸ *Ibid*, 2 April 1918; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.12.

⁹⁹ Santam: *Prospectus*, 1918.

¹⁰⁰ Santam: *Board meeting minutes*, 2 April 1918; 18 April 1918; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.12.

¹⁰¹ H. Giliomee: *The Afrikaners: Biography of a people*, p.387.

¹⁰² Santam: *Board meeting minutes*, 2 April 1918; 25 April 1918; Santam: *Prospectus*, 1918.

¹⁰³ Santam: *Prospectus*, 1918.

¹⁰⁴ *Ibid*; Santam: *Chairman's address*, 23 December 1919.

¹⁰⁵ *Ibid*.

¹⁰⁶ Santam: *Prospectus*, 1918.

gebore om die volk te dien (“from the people to serve the people”).¹⁰⁷ Santam officially began business on 1 May 1918.¹⁰⁸

3.5 Establishment of Sanlam

The decision to convert Santam’s life insurance department into a separate company Sanlam was taken by the board on 3 May 1918. Santam’s attorney Jan S de Villiers had advised the company not to manage its life insurance business as a separate department, but as a separate company or subsidiary of Santam.¹⁰⁹ The reason for this was firstly that life insurance was a fast-growing business. It was also generally a riskier type of business than the other types of insurance business transacted by Santam. Managing Santam’s life insurance business as a separate entity would put less strain on the other types of business transacted by the company. The life insurance department of Santam had its own fund and operated on the mutual principle. Therefore it made sense to manage it as a separate company.

The new company Sanlam was established with a nominal capital of £25 000 divided into 25 000 shares of £1 each. Santam purchased 24 985 of these shares and the remaining shares were purchased by the directors and other senior officials of the two companies.¹¹⁰ Although Sanlam was established with share capital and had shareholders, it operated as a mutual company and did not issue a dividend. Its profits were distributed amongst its policyholders.¹¹¹ In this way the founders of the company ensured that its profits and ownership of the company remained in local hands and that the local population benefitted therefrom.

¹⁰⁷ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South African 1918-2000*, p.125.

¹⁰⁸ J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, p.12.

¹⁰⁹ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South African 1918-2000*, p.122.

¹¹⁰ Santam: *Board meeting minutes*, 3 May 1918; Sanlam: *Memorandum and articles of Association*, 1918; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*. pp.12-13, 15.

¹¹¹ Santam: *Board meeting minutes*. 3 May 1918. Sanlam: *Memorandum and articles of Association*. 1918.

Within two months of the establishment of Santam, Sanlam – the South African National Life Assurance Company was established on 8 June 1918.¹¹² Sanlam transacted both ordinary and industrial life insurance business.¹¹³ Industrial insurance was for policies less than £100. By transacting both ordinary and industrial life insurance business, the founders of Sanlam ensured that the company reached a wide market including marginalised sections of the population. The two companies shared the same board and senior staff members early on. Like Santam, Sanlam operated as a bilingual company, had branches outside of the Cape and attracted a large farming client base early on.¹¹⁴ During its first year Sanlam underwrote 3228 policies with a total value of £1 139 644.¹¹⁵

3.6 Conclusion

The establishment of two new local insurance companies at the beginning of the twentieth century was motivated by both profit and nationalism. The insurance industry was in a healthy position at this time although like other sectors of the South African economy it was overwhelmingly represented by foreign companies. The establishment of another local insurance company would fill this gap in the market and contribute to the economic empowerment of in particular the marginalised Afrikaans-speaking section of the population. The establishment of such a company was made possible by the fact that its founders possessed the wealth and expertise to make its establishment possible. In their pursuit they were inspired by other initiatives to promote political, economic and cultural independence from the British Empire. Although much of Santam and Sanlam's focus initially was on the inclusion and empowerment of the marginalised Afrikaans-speaking section of the population, these companies aspired to operate as truly national institutions that represented "all classes of the community."¹¹⁶

¹¹² Registrar of Deeds, Cape Town: *Certifikaat onder Sektie 57 van "De Wet op Maatschappijen, 1892; Sanlam: Memorandum and articles of association. 1918.*

¹¹³ Santam: *Board meeting minutes, 3 May 1918; Sanlam: Memorandum and articles of association, 1918; J.P. Scannell: Uit die volk gebore. Sanlam se eerste vyftig jaar. p.12.*

¹¹⁴ H. Giliomee: *The Afrikaners: Biography of a people. p.339; Sanlam: Chairman's address, 23 December 1919; J.P. Scannell: Uit die volk gebore. Sanlam se eerste vyftig jaar. pp.17-18.*

¹¹⁵ Sanlam: *Balance sheet and income statement, 30 September 1919; G. Verhoef: Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South African 1918-2000, p.124.*

¹¹⁶ Sanlam: *Chairman's address, 10 December 1924.*

CHAPTER 4: AFRIKAANS OR SOUTH AFRICAN? THE LANGUAGE PROFILE OF SANLAM'S CLIENT BASE, 1918-2004

4.1 Introduction

At the time of Sanlam's establishment in 1918 South Africa was divided largely along language lines into English and Afrikaans-speaking sections of the population. The Cape in particular where Sanlam was established had a strong English presence that pervaded all aspects of life in the former British colony including insurance. Inspired by the spirit of nationalism that swept across the country between the Anglo-Boer War and the First World War, prominent Afrikaner leaders sought to assert their identity and promote the independence of the Afrikaner people from Britain culturally, politically and economically. This included the establishment of a national life insurance company that would play a role in the economic empowerment of Afrikaners through the mobilisation of personal savings and the investment of funds in the local economy. This focus on the inclusion of the under-insured and marginalised Afrikaans-speaking market during the earlier part of Sanlam's history created the perception of the company as being an Afrikaans-orientated company. This chapter explores to what extent this identity is reflected in the profile of Sanlam's client base and whether it holds true for an extended period of Sanlam's history. How did the language profile of Sanlam's client base change as the political and economic climate in South Africa and the vision of the company changed? At what stage if at all were other language groups including African languages included in Sanlam's client base? What implications did this have for Sanlam's identity as a company?

4.2 Sanlam as a bilingual company, 1918-1960

Despite its initial focus on the inclusion of the Afrikaans-speaking market, Sanlam operated as a bilingual company from its inception in 1918. It included both of the main language groups in South Africa in its target market. At the time of Sanlam's establishment English and Dutch were the only official languages recognised in the Union. Afrikaans replaced Dutch as an official language in 1925.¹ The distribution between these two language groups

¹ H. Giliomee & B. Mbenga: *New history of South Africa*, pp.230, 253.

was fairly evenly balanced.² Therefore it made business sense to target both groups. In addition the Afrikaans-speaking market was not yet an established market for life insurance. In 1945 Afrikaans companies only contributed 15% to the total amount of premium income earned by life insurance companies operating in the Union.³ This highlighted the importance of targeting both language groups. South Africa was a bilingual country. In 1918 42% of whites surveyed indicated that they were bilingual i.e. could speak both official languages of the Union. This increased to 64% in 1936 and 73% in 1951.⁴

If Sanlam was to fulfill its vision of operating as a truly national institution it had to include both language groups in its target market. As stated by Verhoef (2009): “The aim of Sanlam was to establish a South African company operating in the field of life assurance primarily targeting the Afrikaans community, but not excluding other South Africans.”⁵ This was reiterated by Sanlam’s senior management. According to MS Louw – Sanlam’s general manager (1942), Sanlam was there to serve not one, but all sections of the population, each in its own language.⁶ This inclusivity was aimed at making English-speakers feel part of Sanlam’s development goal.⁷ Its leaders recognised the importance of promoting a culture of savings amongst both language groups to fulfill its vision of contributing to overall development the country. “The education of both sections of the public to the benefits of assurance generally must be of advantage to the oldest and to the newest company, and is of incalculable benefit to the country generally in installing habits of thrift and systematic saving.”⁸

Sanlam would fulfill its economic empowerment goal by mobilising contractual savings, which in turn could be invested back into the economy to facilitate job creation. English was the standard language for doing business at the Cape in the early twentieth century. Sanlam did business with traditionally English banks including the Standard Bank of South Africa,

² *Die Fakkkel*, 7 January 1941.

³ *Ibid*, September 1969, p.3.

⁴ W. Branford: *English in South Africa*, p.438.

⁵ G. Verhoef: *Savings for life to build the economy of the people. The emergence of Afrikaner corporate conglomerates in South Africa 1918-2000*, p.124.

⁶ *Die Fakkkel*, 1 June 1942, p.2.

⁷ *Ibid*, January 1941, p.5.

⁸ *Ibid*, 1 July 1943, pp.5-6.

the African Banking Corporation and Barclays Bank.⁹ Sanlam's office staff and senior officials included many first language English speakers early on as there were few Afrikaners with experience in insurance at the time.¹⁰

“There were no Afrikaans-writing-clerks in those days. High Dutch was taught in the schools and almost all business was translated in English. The Afrikaans writers and Afrikaans newspapers had begun to blaze the trail and Afrikaners throughout the Union were learning to write their language as they spoke it, but the day had not come when you could advertise for Afrikaans-speaking clerks and typists and expect to get replies from young men and women who could write their language in grammatical form. So Sanlam started its career as an Afrikaans company with staff predominantly English speaking.”¹¹

Probably the most notable of Sanlam's English-speaking senior officials was the Scot Alfred MacDowall. MacDowall previously worked for the National Bank of Scotland and for British insurance companies operating in South Africa.¹² He served as Sanlam's general manager and secretary from 1918 to 1921.¹³ Having an English speaker in such a senior position meant that Sanlam's early board meetings were probably held in English. However MacDowall was married to an Afrikaans woman and understood some Afrikaans.¹⁴

Sanlam's accountants and actuaries were predominantly English during the first half of its history. This was because there were few Afrikaners at the time with these qualifications. These accountants and actuaries included H Gibson (auditor 1918-1919), GW Paterson (consulting actuary 1918-1919), D Spence Fraser (consulting actuary 1920-1922), D MacPhail (consulting actuary 1920-1922), CL Anderson (accountant 1919-1923), Hy Gibson, Son & Co. (auditors 1919-1923), Geo D Wilson (assistant actuary 1936-1937, senior assistant

⁹ Sanlam: *Chairman's address*, 7 December 1932; Sanlam: Selected Daily Management meeting minutes.

¹⁰ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë: Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner, 1918-1939*, p.73.

¹¹ *The Star*, 11 May 1960.

¹² *Die Fakkel*, 1 November 1948, p.2; Sanlam: Biographical notes on Alfred MacDowall.

¹³ Sanlam: Selected annual reports, 1919-1922.

¹⁴ G. Verhoef: *Savings for life to build the economy for the people. The emergence of Afrikaner corporate conglomerates in South African 1918-2000*, p.122.

actuary 1938-1945), CL Anderson, Gibson & Co. (auditors 1923-1927), Gibson, Whitely & Co. (auditors 1928-1935), Gibson, Hyslop & Co. (auditors 1936-1946) and Gibson, Hyslop & Winearls (auditors 1947-1958).¹⁵ Sanlam only appointed its first Afrikaans-speaking actuary, MS Louw in 1922. Louw was the first Afrikaner and South African to qualify as an actuary after completing his training in Scotland.¹⁶ Other English officials included GA Fraser (first manager of Santam and Sanlam in the Orange Free State 1918-1920), CL Martin (acting manager Durban 1932-1933), C Baker (acting manager Durban 1934, assistant secretary 1949-1954), GH Hulett (local director Durban 1931-1941), R Ellis Brown (chairman of local board Durban 1935-1958) and F Seymour (agency manager Johannesburg 1937-1938).¹⁷

Like MS Louw many of Sanlam's Afrikaans office staff and senior officials trained abroad or previously worked for English companies and were proficient in both English and Afrikaans.¹⁸ One of Sanlam's founders CG Fichardt was the son of a German immigrant, GA Fichardt who had business interests in Germany and South Africa. At the age of ten, Fichardt accompanied his parents on an extended trip overseas. During this trip his parents acquired the services of an English governess. Although originally from Germany the home language of the family was English and Fichardt was fluent in this language. After completing his schooling in South Africa, Fichardt obtained his training and experience in business in Germany and England. During his career he served on the boards of English companies operating in South Africa including the Imperial Bank.¹⁹ Another one of Sanlam's founders FH Dormehl previously worked for English insurance companies operating in South Africa namely London & Lancashire and Alliance.²⁰ Sanlam's first chairman, WA Hofmeyr's mother Anna Georgina Morgan was the daughter of a well-known Scottish minister George Morgan. His fellow board member, CR Louw's mother Jemima Murray was also of Scottish descent. She was the sister of the Scottish minister Andrew Murray. Both Hofmeyr and CR

¹⁵ Sanlam: Selected annual reports and financial statements, 1918-1960.

¹⁶ Sanlam: Biographical notes on MS Louw.

¹⁷ Sanlam: Selected annual reports and financial statements, 1918-1960.

¹⁸ *Die Fakkels*, 1 November 1948; 2 December 1946; 7 August 1937, p.13; 7 October 1936, p.19; 7 July 1936, pp.4-5.

¹⁹ C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol. V, p.300.

²⁰ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, p.242; Sanlam: Biographical notes on FH Dormehl.

Louw were raised fully bilingual.²¹ JP Feenstra, FNH Bonthuys and AMH Ehmke who held senior positions at Sanlam during the first half of its history as secretaries, managers and accountants had previously worked for the Australian insurance company Colonial Mutual and were fully bilingual.²² AD Wassenaar and GH Hansmann who both served as actuaries and managers of Sanlam during this period previously worked for the Scottish company Standard Life and the American company Equitable Life Assurance respectively. Hansmann also completed his training in Britain.²³

The same applied to Sanlam's field staff. In the appointment of field staff preference was given to individuals who were bilingual.²⁴ For the most part Sanlam's staff was bilingual. "In the transactions of its business the Company makes use of both the official languages of the country, and the staff is, with a few exceptions efficiently bilingual."²⁵ Examples of English sounding names appear regularly in the reports on Sanlam's field staff activities in *Die Fakkkel* and in the lists of appointments in the Board and Daily Management meeting minutes during the first half of Sanlam's history.²⁶ This is an indication that Sanlam appointed English-speaking agents during this period and had an active presence in the English-speaking market. Sanlam established a branch in Natal in 1926.²⁷ As a former British colony this was a region with a large English presence. Many of the senior officials of this branch were English-speakers: CLW Martin (manager 1932-1933), GH Hulett (director 1932-1941), R Ellis Brown (chairman 1935-1960) and C Baker (acting manager 1934).²⁸

Originally the founders of Santam and Sanlam wanted to have the names of these companies registered in both English and Afrikaans, but they were only permitted to do so in one language. They chose Afrikaans as this language was under-represented in the industry and

²¹ C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol. V, p.300; D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, p.416; G. Verhoef: *Nationalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*, p.701.

²² Sanlam: Selected annual reports and financial statements, 1918-1960; *Die Fakkkel*, 1 November 1948; February 1949, p.5.

²³ *Die Fakkkel*, March 1954, p.2; June 1959, p.4; Sanlam: Biographical notes on AD Wassenaar.

²⁴ Sanlam: *Daily Management meeting minutes*, 16 April 1920.

²⁵ Santam: *Chairman's address*, 23 December 1919.

²⁶ Sanlam: Selected field staff reports in *Die Fakkkel* and lists of appointments in the Board and Daily Management meeting minutes, 1918-1960.

²⁷ Sanlam: *Chairman's address*, 8 December 1926.

²⁸ Sanlam: Selected annual reports and financial statements, 1918-1960.

the economy that was overwhelmingly represented by English companies.²⁹ Santam and Sanlam were of the first companies of their kind to be registered in Afrikaans. As Sanlam's staff was almost completely bilingual and included many English representatives early on, most of its official documents were available in both languages. This included annual reports and financial statements. Sanlam conducted its business in both languages. Its policy forms were available in both languages. When MS Louw began working for Sanlam as a clerk in 1918 one of his duties was to prepare copies of the company's policy forms in both languages.³⁰

Sanlam's inclusion of the English-speaking market is further illustrated by the fact that it advertised in both English and Afrikaans. Sanlam advertised in English newspapers and magazines such as the *African Insurance Record*, *Banking & Finance*, the *Cape Argus*, the *Cape Times*, the *Chronicle*, the *Daily News*, the *Diamond Field's Advertiser*, *Forum*, the *Friend*, the *Good Shephard*, the *Journal of the Institute of Bankers in South Africa*, the *Policy*, the *South African Insurance Magazine*, *South African Survey* and the *Star*.³¹ One such advertisement appeared in the *Cape Times* in 1923.³² This advertisement focused on Sanlam's identity as a national institution, on its performance, its products and the unique features of the company. This was in contrast to advertisements that appeared in Afrikaans publications which focused on Sanlam's identity as an Afrikaans company and its role in the upliftment of the Afrikaner people. The advertisement identified Sanlam as "a young South African life office".³³ It emphasized that Sanlam's senior management was made up of locals including WA Hofmeyr (chairman), GF de Villiers (general manager) and MS Louw (actuary).³⁴ It also emphasized that the company's head office was located in the country, in Cape Town unlike the foreign companies operating in South Africa whose head offices were located abroad. Although its head office was located in Cape Town, Sanlam was "known throughout the Union" and had branch offices in Johannesburg and Bloemfontein.³⁵ It also drew attention to the fact that the company "met with success from inception".³⁶ Within five

²⁹ *Die Fakkkel*, 1 July 1943, p.1; Santam: *Board meeting minutes*, 3 May 1918.

³⁰ *The Star*, 11 May 1960.

³¹ Sanlam: Selected advertisements, 1918-1960.

³² Sanlam: Advertisement that appeared in the *Cape Times*, 1923.

³³ *Ibid.*

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ *Ibid.*

years the company accumulated a Life Assurance Fund of over £140 000, its establishment expenses were written off and its initial bonus of £1% increased to £1 – 2 – 6. This was attributed to the “sound” and “very economical” way in which the business was being run.³⁷ It highlighted the progressive products and policy benefits offered by Sanlam. This included disability benefits and liberal surrender and paid up policy values. A new product, the Ideal policy was introduced which was “especially designed to meet the requirements of the married man.”³⁸ Unique qualities of the company included its ownership structure. It combined “the advantages of a proprietary and a mutual office, offering the insuring public the security of its share capital whilst at the same time dividing all its profits amongst its policyholders.”³⁹ Sanlam also advertised in both English and Afrikaans in other media such as radio and film during the first half of its history.⁴⁰ Another way in which Sanlam increased its visibility was through donations and loans to individuals, institutions and businesses. Such donations and loans were made to both English and Afrikaans causes. Sanlam for example made donations to both Stellenbosch, a traditionally Afrikaans and UCT a traditionally English university.⁴¹ The fact that Sanlam operated as a bilingual company from its inception in 1918 was an illustration of both its business drive to maximise its potential client base in a bilingual society and an illustration of its development drive – to operate as an inclusive national institution.

³⁷ *Ibid.*

³⁸ *Ibid.*

³⁹ *Ibid.*

⁴⁰ Sanlam: *Board meeting minutes*, 26 November 1952; Sanlam: Selected marketing reports, 1918-1960.

⁴¹ Sanlam: *Board meeting minutes*, 24 November 1920; 23 June 1948.

Figure 2: English advertisement for Sanlam that appeared in the *Cape Times*, 1923

THE S.A. NATIONAL LIFE ASSURANCE CO., LTD.

A YOUNG SOUTH AFRICAN LIFE OFFICE



W. A. HOFMEYER, B.A.
CHAIRMAN
OF THE DIRECTORATE.



G. F. DE VILLIERS.
GENERAL MANAGER.



JAN. P. FEENSTRÄ.
SECRETARY.



THE CHIEF OFFICE OF THE COMPANY AT
15, ADDERLEY STREET, CAPE TOWN.



M. S. LOUW, B.A., F.F.A.
ACTUARY.



INSIDE VIEW OF THE MAIN OFFICE.

The Company states that the "S.A. National Life," otherwise known as "S.A.N.L.A.M.," started operations in 1918. By its constitution it combines the advantages of a proprietary and a mutual office, offering the insuring public the security of its share-capital while at the same time dividing all its profits amongst its policyholders. The Company met with success from its very inception and to-day it is well known throughout the Union as a sound and progressive institution. It has achieved almost the impossible: within the short period of five years a Life Assurance Fund of over **£140,000** has been accumulated, all establishment expenses have been written off, and the initial bonus of 2½% was increased to 2 - 6 at the last valuation. This has been made possible owing to the very economical way in which the business is being run.

At the same time the Company has been conducted on most progressive lines. Last year a new set of policies was brought out in which all the latest ideas in Life Assurance were incorporated. The wonderful "Disability Benefits" offered without any extra charge, form a special feature of the new tables. The "Ideal Policy," an entirely new policy specially designed to meet the requirements of the married man, has been eagerly purchased by professional and business men.

The Company has Branch Offices at the Standard Bank Buildings, Eloff Street, Johannesburg, and in Maritland Street, Bloemfontein, where it has recently acquired its own Building.



The following are a few outstanding features of the policies issued by the Company:—

1. *Bonuses are declared annually.*
2. *Liberal Surrender-values & Paid up Policy Value.*
3. *The Disability Benefits provide for the cessation of premium & the payment of the sum Assured in Total & Permanent Disability.*
4. *Contracts are issued either in English or in Afrikaans as desired.*

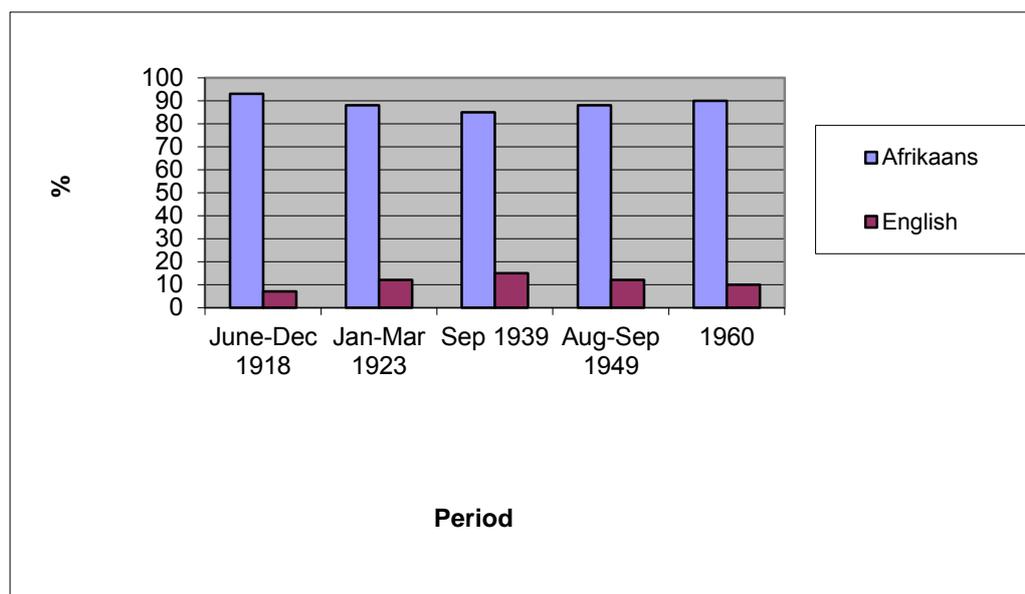
SPECIMEN POLICY FORM.

PRINTED BY CAPE TIMES INTALGO PROCESS.

4.3 Prevalence of the Afrikaans market, 1918-1960

Despite operating as a bilingual company Sanlam attracted a predominantly Afrikaans client base during the first half of its history. This is illustrated by figure 3 which shows the language profile of Sanlam's client base from 1918 to 1960.

Figure 3: The Language profile of Sanlam's client base, 1918-1960



(Sanlam: *Policy Register*, 1; 3; 19; 42; Sanlam: *Memorandum to the Board*, 20 February 1963.)

Sanlam maintained a client profile of not less than 85% Afrikaans-speaking clients during this period. Sanlam's first policyholder was the Afrikaner Servaas Daniel De Wet. He worked as an administrative manager for *Nasionale Pers* and was well acquainted with the founders of Sanlam. He took out a Whole Life policy for £500 with a premium of £11-8-4.⁴² During the first six months of its operations in 1918 an estimated 93% of Sanlam's client base was Afrikaans.⁴³ This was maintained through to 1960 when the figure stood at 90.5% Afrikaans

⁴² Sanlam: *Policy Register*, 1; Sanlam: Biographical notes on Servaas Daniel de Wet; *Die Fakkell*, June 1968, p.1.

⁴³ Sanlam: *Policy register*, 1.

clients.⁴⁴ It is likely that many of these policyholders were in fact bilingual, but born Afrikaners or with Afrikaans as their first language. There was a high rate of bilingualism in South Africa at the time and those who could only speak one language were usually English.⁴⁵ Policy registers and market research were used to draw up this client profile. For the periods June to December 1918 and January to March 1923 findings are based on surnames and therefore provide an estimate of the number of Afrikaans clients. From 1939 the policy registers indicated the home language of policyholders and provide more accurate data on the language distribution of Sanlam's client base. Although Sanlam operated as a bilingual company and targeted the English-speaking market, mostly Afrikaans sounding names of applications, approvals and claims appear more regularly in the minutes of the company.⁴⁶ Koen (1986) came to similar conclusions about the language distribution of Sanlam's client base in his study which deals with the first twenty-one years of Sanlam's history. According to Koen between 1918 and 1939 an estimated 93% of Sanlam's client base was Afrikaans. Between 1 October 1936 and 30 September 1939 the figure stood at 92.5% Afrikaans clients.⁴⁷ These figures suggest that the language distribution of Sanlam's client base remained fairly constant during the first half of its history in favour of Afrikaans first language speakers.

One explanation for this predominantly Afrikaans client base was that Afrikaners were able to identify with Sanlam as an own Afrikaans life insurance company. At the time most of the life insurance companies operating in South Africa were branches of foreign companies and their language of operation was English. No other company existed which directly targeted Afrikaners and represented their interests. As mentioned earlier, Sanlam was one of the first companies of its kind to be registered in Afrikaans.⁴⁸ Its Memorandum and Articles of Association were also of the first documents of their kind to be drawn up in Afrikaans. "The memorandum and articles of Association were written in Afrikaans by the well-known Cape Town attorney Jan S de Villiers. Santam and Sanlam were the first companies ever to have

⁴⁴ Sanlam: *Memorandum to the Board*, 20 February 1963.

⁴⁵ W. Branford: *English in South Africa*, p.438.

⁴⁶ Sanlam: *Selected Board and Daily Management meeting minutes*, 1918-1960.

⁴⁷ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.317.

⁴⁸ *Die Fakkell*, November 1953, p.30.

set out their aims and objects in the mother tongue.”⁴⁹ It was also the first time that policy application forms were available in Afrikaans.⁵⁰

Sanlam served Afrikaners in their own language. This was a unique feature in an industry overwhelmingly represented by English companies. “Up to that time if you wanted to be insured, it had to be done in English. The old-established British companies dominated the field and English was good enough for them. One way of attracting clients might be to offer them policies in their mother tongue.”⁵¹ To achieve this Sanlam appointed Afrikaners on its field staff. Mostly Afrikaans sounding names of agents, inspectors and branch managers appear in the minutes, annual reports and internal magazine of the company during this period. Only in certain regions with large English-speaking populations such as Natal and Rhodesia were a high number of English sounding names of field staff identified.⁵² By employing Afrikaners on its field staff Sanlam was creating employment for this economically marginalised section of the population and training them in insurance, a traditionally British dominated sector.⁵³ As Afrikaners were becoming more experienced in insurance they began to fill more senior positions on Sanlam’s staff. Sanlam was realising its vision of increasing Afrikaner participation in the mainstream economy.

Although the composition of Sanlam’s field staff was predominantly Afrikaans during this period, it is likely that many of these staff members were also fluent in English. Thereby it did not exclude the English-speaking market. Sanlam uniquely served each section of the white population in its own language. Although Sanlam operated as a bilingual company, Afrikaans remained its main language. This was highlighted in *Die Fakkkel* in 1945. It stated that with the exception of a few senior officials who were experts in their respective departments, all of Sanlam’s staff were born Afrikaners, fluent in both official languages of the country and Afrikaans was Sanlam’s main language.⁵⁴

⁴⁹ *The Star*, 11 May 1960.

⁵⁰ *Die Fakkkel*, 1 July 1943, p.2; 15 December 1934, p.2; 7 February 1936, p.5.

⁵¹ *Ibid.*

⁵² Sanlam: Selected Board and Daily Management minutes, annual reports and field staff reports in *Die Fakkkel*, 1918-1960.

⁵³ Sanlam: *Chairman’s address*, 21 December 1921, p.3; 12 December 1928, p.6.

⁵⁴ *Die Fakkkel*, 1 March 1945, p.7.

Sanlam started off with few Afrikaners in senior and specialist positions as there were few Afrikaners with experience in insurance at the time. During its first year the only Afrikaners in senior and specialist positions at Sanlam were FH Dormehl (general manager), H de Villiers (agency manager), PH de Villiers (auditor), Dr HD Ackermann (chief medical official) and MS Louw (clerk and assistant actuary).⁵⁵ The number of Afrikaans senior officials and specialists gradually increased as Afrikaners became more experienced in business and insurance. Sanlam had an important role to play in this. GF de Villiers and JP Feenstra were appointed as general manager and secretary respectively of Sanlam in 1922. The newly qualified MS Louw took up the position of Sanlam's actuary and PH de Villiers and HD Ackermann retained their positions as auditor and chief medical official respectively.⁵⁶ GF de Villiers was a lawyer involved in the recognition of Afrikaans in the legal system. He was involved in the translation of the first statutes and memorandums of association for transport and bonds into Afrikaans or Dutch as it was then known. De Villiers had already held the positions of branch manager, trust manager, general manager and secretary at Sanlam's parent company Santam.⁵⁷ HD Ackermann was known as the Afrikaans doctor as during the early twentieth century there were few Afrikaans doctors at the Cape.⁵⁸ These early officials were probably proficient in both English and Afrikaans. As already mentioned Feenstra previously worked for Colonial Mutual and MS Louw received his actuarial training in Scotland. So by 1922, merely five years after its establishment Afrikaners occupied some of the most senior positions at Sanlam. This trend continued during the first half of Sanlam's history. By 1960 Afrikaners occupied most of the senior positions at Sanlam. This included AMH Ehmke (secretary), WJ Bezuidenhout (agency manager), AD Wassenaar (general manager), P Scholtz (assistant general manager and actuary), JH de Wit (accountant) and L Potgieter (chief medical official).⁵⁹

Although Sanlam started off with English senior officials and specialists, its board was completely represented by Afrikaners from its inception in 1918. This continued throughout the first half of Sanlam's history as demonstrated by this list of directors during that period: WA Hofmeyr (1918-1952), CTM Wilcocks (1918-1936), AFJ Benning (1918), CR Louw

⁵⁵ Sanlam: *Annual report*, 1919.

⁵⁶ Sanlam: *Annual reports*, 1922-1923

⁵⁷ Sanlam: Biographical notes on GF de Villiers; *Die Fakkkel*, 1 November 1948; Sanlam: *Annual Report*, 1922-1923.

⁵⁸ *Die Fakkkel*, 1 November 1946.

⁵⁹ Sanlam: *Annual Report*, 1960; Selected reports in *Die Fakkkel*, 1960.

(1918-1960), TJ Louw (1918-1934), PA Malan (1918-1960), CW Malan (1918-1932), TJ de V Roos (1918-1919), C Steyn (1918-1919), PA Brink (1922-1945), JH Conradie (1922-1939), P de W Neetling (1923-1938), SF Malan (1933-1960), DJ Kotze (1935-1953), JFJ van Rensburg (1937-1960), PGW Grobler (1918-1941), EH Louw (1939-1960), PD Rousseau (1940-1953), IP Schabort (1942-1960), GFS de Villiers (1948-1957), MS Louw (1949-1960), CJH Schoombie (1954-1960), TJ van Wyk (1954-1955), JF Kirsten (1956, 1960) and FJ du Toit (1958-1960).⁶⁰

Many of these directors were prominent Afrikaners who were involved in other Afrikaner and national causes. As discussed earlier Hofmeyr, CR Louw and PA Malan were involved in the establishment of the Afrikaans publishing house *Nasionale Pers* in 1914. All three served on the board of *Nasionale Pers* along with another Sanlam director TJ Louw.⁶¹ Hofmeyr served as the first chairman of the board of this company and following the death of FH Dormehl in 1918 he also took up the position of its general manager and secretary. In 1929 he was appointed as the managing director of *Nasionale Pers*.⁶² Hofmeyr was also the chairman of the board of *Voortrekkerpers*.⁶³ Schabort also served on the board of this company and of *Afrikaanse Pers*.⁶⁴ PA Malan served on the board of *Nasionale Boekhandel*.⁶⁵ Sanlam's board members were also involved in other Afrikaner initiatives. CR Louw was involved in the establishment of the wine farmers' cooperative KWV (*Ko-operatiewe Wijnbouers Vereeniging*) in 1922. PA Malan and SF Malan also served on the board of this cooperative society.⁶⁶ The establishment of such agricultural cooperatives was encouraged by the promulgation of the Cooperative Associations Act No. 28 of 1922 which promoted and regulated the establishment of such cooperative associations in various sectors of the economy.⁶⁷ MS Louw and Schoombie served on the board of the Rembrandt Tobacco

⁶⁰ Sanlam: Selected annual reports.

⁶¹ *Die Fakkkel*, 7 July 1936, pp.4-5; 1 December 1947, p.2; October 1962, p.5; December 1966, p.6; Sanlam: Biographical notes on WA Hofmeyr, CR Louw and PA Malan.

⁶² W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, pp.22, 34, 40; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.4-5; Sanlam: Biographical notes on WA Hofmeyr.

⁶³ *Die Fakkkel*, 1 December 1947, p.2; Sanlam: Biographical notes on WA Hofmeyr.

⁶⁴ Sanlam: *Selected Board meeting minutes*, 1966.

⁶⁵ *Ibid*; *Die Fakkkel*, December 1966, p.10; Sanlam: Biographical notes on PA Malan.

⁶⁶ C.J. Beyers (Ed.): *Dictionary of the South African biography*, Vol. V, p.466; *Die Fakkkel*, January 1937, p.4; December 1966, p.10.

⁶⁷ D. O' Meara: *Volkskapitalisme: Class, capital and ideology in the development of Afrikaner nationalism, 1934-1948*, p.99; G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, p.216.

Corporation that was established by Anton Rupert in 1948.⁶⁸ MS Louw was also involved in the establishment of the *Afrikaanse Handelsinstituut* in 1942 and served as the president of this organisation.⁶⁹ This organisation provided technical support to Afrikaner business leaders with regards to the management of businesses and aspects of the economy.⁷⁰ Du Toit served on the board of the iron and steel corporation ISCOR and the chemicals giant Sasol.⁷¹ In terms of cultural development EH Louw was involved in the recognition of Afrikaans in the legal system.⁷² Schabert served on the board of the *Suid-Afrikaanse Akademie vir Wetenskap en Kuns*, which worked for the advancement of science, technology and the arts.⁷³ Santam and Sanlam shared the same board of directors up until 1954.⁷⁴ Several of Sanlam's board members also served on the boards of its subsidiaries and companies that it had a stake in such as FVB, Bonuscor, Sankor, FM, *Federale Nywerhede*, *Federale Beleggingskorporasies*, *Volkskas*, *Saambou* and Trust Bank.⁷⁵

Sanlam's board members were also involved in politics. As already discussed Hofmeyr, PA Malan and Roos were involved in establishment of branches of the National Party in Cape Town and the Transvaal and held senior positions in the party.⁷⁶ Other board members who were members of the party and held senior positions in it included Wilcocks, Grobler, CW Malan, JH Conradie and EH Louw.⁷⁷ In 1943 Sanlam's board discouraged involvement in political activities by its staff and senior management. It felt that although the company focused on the inclusion of the Afrikaans market, it still represented and served the interests of all sections of the population. It therefore did not want to be seen as favouring a particular political party or stand-point. As far as possible Sanlam selected representatives from

⁶⁸ Sanlam: *Selected Board meeting minutes*, 1966; Sanlam: Biographical notes on MS Louw.

⁶⁹ *Die Fakkkel*, 1 May 1948, p.4.

⁷⁰ G. Verhoef: *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog*, pp.217-218.

⁷¹ *Die Fakkkel*, March 1958, p.6.

⁷² Sanlam: Biographical notes on EH Louw.

⁷³ *Die Fakkkel*, December 1966, p.23.

⁷⁴ Sanlam: *Board meeting minutes*, 25 April 1951; *Selected Board meeting minutes*, 1966; *Die Fakkkel*, August 1962, pp.5-6; December 1966, p.10, 13.

⁷⁵ *Die Fakkkel*, 1 January 1937, p.4; 1 December 1947, p.2; March 1958, p.6; October 1966, p.3; December 1966, p.13; May 1967, p.5; Sanlam: *Board meeting minutes*, 25 April 1951; *Selected Board meeting minutes*, 1966; 1968.

⁷⁶ H. Giliomee & B. Mbenga: *New history of South Africa*, p.234; H. Giliomee: *The Afrikaners: Biography of a people*, p.370, 373; W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, pp.4, 6, 38, 50; *Die Fakkkel*, December 1947, p.2; August 1962, pp.6-7; December 1966, p.9; Sanlam: *Chairman's address*, 9 December 1931; 7 December 1932.

⁷⁷ Sanlam: *Chairman's address*, 10 December 1924; *Die Fakkkel*, 7 June 1936, pp.3-4; August 1939, p.11; 1 September 1942, pp.3-4; August 1962, pp.5-6; December 1962, p.13; December 1966, pp.17-18.

different political backgrounds to its board.⁷⁸ A number of Sanlam's board members also served in the national assembly. This included Wilcocks, Grobler, CW Malan, Roos, Steyn and EH Louw.⁷⁹ Grobler, CW Malan, Roos and EH Louw also held positions in cabinet. Grobler served as Minister of Railways and Harbours.⁸⁰ Roos served as the Minister of Justice with Van Rensburg as his private secretary.⁸¹ EH Louw served as South Africa's Minister of Finance and External Affairs and as its Minister of Economic Affairs and Mining.⁸² Wilcocks served on the Railways Board and Schoombie was the former assistant manager of South African Railways.⁸³ Grobler served as one of the directors and the chairman of the Land Board and as the director of the Land Bank.⁸⁴

The profile of the local boards of directors of Sanlam's various branches was also predominantly Afrikaans, although in certain regions such as Natal and Rhodesia the representation of English-speakers was high.⁸⁵ The representation of Afrikaners on Sanlam's board and senior management demonstrated that Afrikaners could succeed in business. Afrikaners not only identified with this image, but were inspired by it. This was important for the fulfillment of Sanlam's development vision.

This development vision formed a focal point of Sanlam's marketing approach for the Afrikaans market. Marketing aimed at the Afrikaans market focused on Sanlam's identity as an Afrikaans institution and on its role in promoting the independence and upliftment of the Afrikaner people. This aspect was highlighted in the Afrikaans version of the company's third annual address in 1921. Separate English and Afrikaans versions of Sanlam's annual address were distributed amongst policyholders and published in all the major newspapers. Each version emphasized different aspects of Sanlam's business. In the Afrikaans version

⁷⁸ Sanlam: *Board meeting minutes*, 17 March 1943; 16 June 1943.

⁷⁹ Sanlam: *Chairman's address*, 10 December 1924; *Die Fakkkel*, 7 June 1936, pp.3-4; 5 August 1939, p.1; August 1962, pp.5-6; December 1966, pp.17-18.

⁸⁰ Sanlam: *Chairman's address*, 10 December 1924.

⁸¹ Sanlam: Biographical notes; *Die Fakkkel*, October 1966, p.3.

⁸² Sanlam: *Daily Management meeting minutes*, 9 June 1948; *Die Fakkkel*, December 1966, pp.17-18; Sanlam: *Chairman's address*, 16 February, 1955, p.2.

⁸³ *Die Fakkkel*, 7 June 1936, pp.3-4; August 1962, pp.5-6; Sanlam: *Chairman's address*, 10 December 1924; 16 February, 1955, p.1.

⁸⁴ *Die Fakkkel*, November 1962, p.11; Sanlam: *Chairman's address*, 10 December 1924.

⁸⁵ Sanlam: Selected annual reports, 1919-1960.

Hofmeyr described Sanlam as a genuine Afrikaner people's institution.⁸⁶ According to Hofmeyr Afrikaners would naturally support such an institution in an industry that was overwhelmingly represented by English companies. In addition Hofmeyr also highlighted the role that Sanlam played in creating employment for the Afrikaner youth and training them in insurance as well as the role that the company played in promoting the overall economic development of the country.⁸⁷ Therefore by purchasing a Sanlam policy Afrikaners were contributing to the upliftment of their people and to the development of the nation as a whole. Regardless of whether they required life insurance or not they were attracted by this national appeal.

In 1938 Sanlam launched a series of advertisements in commemoration of the centenary of the Great Trek, which coincided with Sanlam's twentieth anniversary.⁸⁸ In these advertisements it compared its role in promoting the advancement and independence of the Afrikaner people with that of the *Voortrekkers* a century earlier.⁸⁹ In 1949 Sanlam released a series of advertisements that celebrated the inauguration of the *Voortrekker* Monument. It also released policy forms with impressions of the *Voortrekker* Monument on them.⁹⁰ In the 1950s Sanlam released a series of advertisements which showcased its buildings across the country alongside monuments associated with the advancement of Afrikaners. This included the Van Riebeeck Monument, the Huguenot Monument, the *Voortrekker* Monument, the Settlers Monument and the Sarel Cilliers Monument.⁹¹ During the same period Sanlam released a series of advertisements which acknowledged the contributions of various individuals to the upliftment of the Afrikaner people. This included the Dutch settlers for the foundation they laid, General CR de Wet for his contribution during the Anglo-Boer War, the author CJ Langenhoven for his contribution to Afrikaans literature, president MT Steyn for his leadership role in the independent Boer Republic of the Orange Free State and the religious leader Reverend JD Kestell for his role in alleviating poverty amongst Afrikaners.⁹² Through these types of advertising campaigns Sanlam suggested that it too played a role in

⁸⁶ Sanlam: *Chairman's address*, 21 December 1921, p.3.

⁸⁷ *Ibid.*

⁸⁸ Sanlam: Selected advertisements, 1938-1939.

⁸⁹ *Ibid.*

⁹⁰ Sanlam: Selected advertisements, 1949; Sanlam: *Daily Management meeting minutes*, 27 July 1949, p.124; *Die Fakkell*, August 1949; December 1949.

⁹¹ Sanlam: Selected advertisements, 1950-1959.

⁹² *Ibid.*

the upliftment of the Afrikaner people. Afrikaners would naturally support such an institution.

Sanlam advertised in various Afrikaans publications including *Die Burger*, *Die Volkstem*, *Die Volksblad*, *Dagbreek*, *Brandwag*, *Die Huisgenoot*, *Die Landbouweekblad*, *Die Vaderland*, *Die Kerkbode*, *Ons Land*, *Die Taalgenoot*, *Die Volksgenoot*, *Volkshandel*, *Finansies & Tegniek*, *Die Unie*, *Die Kristelike Skoolblad* and *Die Hervormer*.⁹³ Sanlam also advertised in the annuals and annual reports of Afrikaans institutions including schools, universities and sports and cultural clubs.⁹⁴ One example was the annual of the *Hoërskool Jan van Riebeeck*, the first Afrikaans medium school at the Cape in which Hofmeyr and CR Louw played a founding role.⁹⁵ Sanlam also advertised in the programs of events hosted by Afrikaner institutions. This included programs for the Dingaan's Day Festival, the commemoration of the symbolic *Ossewatrek*, the inauguration of the *Voortrekker* Monument, the art festival of the ATKV, *Reddingsdaad* Day, the *Uniefees*, and the *Riebeeckfees*.⁹⁶ Sanlam also advertised on Afrikaans radio during the first half of its history.⁹⁷

Sanlam further made its presence felt in the Afrikaans market by making loans and donations available to Afrikaner institutions and individuals. Donations including bursaries were made to welfare, cultural and educational institutions including children's homes, churches, schools, universities, hospitals, fundraisers and other public and private institutions. Organisations that benefitted from Sanlam's donations included *Hoërskool Jan van Riebeeck*, the Universities of Stellenbosch, Pretoria, Potchefstroom and the Free State, the Cape Town branch of the *Helpmekaar* Movement, funds for the building of monuments in honour of the *Voortrekkers* and General CW de Wet, the *Afrikaanse Handelsinstituut* and the *Landbou Genootskap*.⁹⁸ A large percentage of Sanlam's loans were allocated for the purchase of private property, especially farms and for the establishment of Afrikaner businesses.⁹⁹

⁹³ *Ibid*, 1918-1960.

⁹⁴ *Ibid*.

⁹⁵ *Ibid*.

⁹⁶ *Ibid*.

⁹⁷ Sanlam: *Daily Management meeting minutes*, 8 February 1950, p.172; *Die Fakkkel*, May 1950, p.4.

⁹⁸ Sanlam: *Selected Board and Daily Management meeting minutes*, 1918-1960.

⁹⁹ *Ibid*.

Thereby Sanlam not only increased its visibility in the Afrikaans market, but also contributed to the upliftment of this section of the population.

Sanlam's strong presence in the Afrikaans market was not only a reflection of its development vision, but also of its business motive. The Afrikaans market was an untapped and underinsured market as no other life insurance company existed at the beginning of the twentieth century which directly targeted Afrikaners and represented their interests. It was also a growing market and one that was becoming increasingly urbanised – two important requirements for the development of life insurance demand.

Table 7: Language distribution of the white population, 1910 and 1936

	Afrikaans	% of total white population	English	% of total white population	Total white population
1910	693 898	54%	591 098	46%	1 284 996
1936	1 121 967	56%	881 890	44%	2 003 857

(H. Giliomee: *The Afrikaners: Biography of a people*, pp.279, 356.)

The distribution between the two language groups was fairly evenly balanced at the beginning of the twentieth century. But the rate of growth was higher amongst the Afrikaans-speaking section of the population and this section of the population was better represented amongst the younger age groups. Between 1910 and 1936 the size of the Afrikaans-speaking population increased by nearly two-thirds from 693 898 to 1 121 967, while that of the English-speaking population increased by just under half from 591 098 to 881 890.

According to the 1936 census, for every 100 English-speaking persons in the Union over the age of 21, there were 115 Afrikaans-speaking persons.¹⁰⁰ This confirms that the distribution between the two language groups was fairly evenly balanced at this time. But the proportion of Afrikaners was higher in the younger age groups. For the age group 7-21 years the figure stood at 185 Afrikaans-speakers for every 100 English-speakers and for the age group younger than 7 years the figure stood at 212 Afrikaans speakers for every 100 English speakers.¹⁰¹ The same trend can be identified between 1936 and 1946 when the percentage of the white population that indicated Afrikaans as its home language increased from 55.9% to 57.3%. The rate of growth amongst Afrikaners in the age group over 21 years was slightly lower from 54.4% to 53.5%.¹⁰²

These figures however do not include English-speaking whites, and other ethnic groups who had some knowledge of Afrikaans. According to the 1946 census, over 1 650 000 whites over the age of 7 years had some knowledge of Afrikaans as did 70 000 coloureds, 30 000 Indians and 1 200 000 blacks.¹⁰³ At the time Afrikaans was the most widely spoken language amongst blacks in the Union.¹⁰⁴

By 1951 the number of Afrikaans-speakers began to surpass that of English-speakers. The ratio of Afrikaans to English-speakers stood at 3:2.¹⁰⁵ In that year over 1 500 000 whites or nearly 60% of the total white population indicated Afrikaans as their home language.¹⁰⁶ It was also the home language of 700 000 coloured people and 7000 Indians.¹⁰⁷ 1 848 108 whites had some knowledge of Afrikaans.¹⁰⁸

¹⁰⁰ N. Maynard Stultz: *Afrikaner politics in South Africa, 1934-1948*, p.93; Union of South Africa: *Census*, 1936.

¹⁰¹ *Ibid.*

¹⁰² Union of South Africa: *Census*, 1946.

¹⁰³ S. Patterson: *The last trek: A study of the Boer people and the Afrikaner nation*, pp.42-43.

¹⁰⁴ *Ibid.*

¹⁰⁵ *Ibid.*, p.67.

¹⁰⁶ *Ibid.*, p.42.

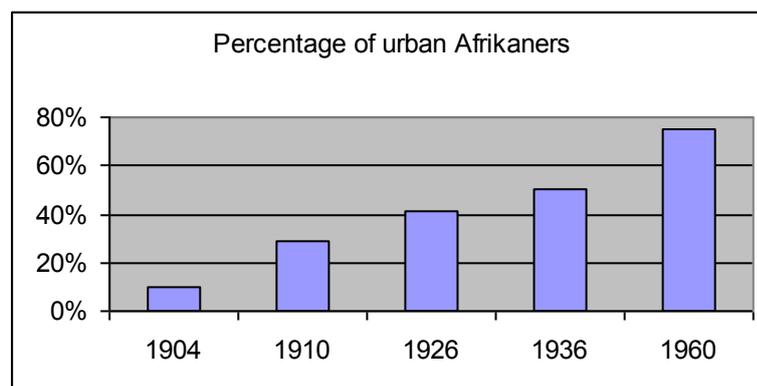
¹⁰⁷ *Ibid.*

¹⁰⁸ *Ibid.*

This higher rate of growth in the Afrikaans-speaking population may be attributed to a higher birth rate. In 1951 the birth rate of Afrikaners was a third higher than that of English-speakers. Afrikaners also had greater representation in the younger age groups. The median age of Afrikaans-speakers was 23, while that of English-speakers was 30.¹⁰⁹ By 1960 Afrikaans was spoken by 1 800 000 South Africans out of a total population of 15 000 000.¹¹⁰

The Afrikaans-speaking section of the population which was traditionally farming based was becoming increasingly urbanised. This was in response to the mineral revolution of the late nineteenth century, which changed the nature of the South African economy from agriculture to capitalist mining. This created dependence on income earned outside of the home and increased the demand for life insurance. 70 000 Afrikaners left rural areas between 1911 and 1921 to take up positions in the cities. An Afrikaner working class began to emerge which would become an important market for Sanlam.¹¹¹ Figure 4 shows the growth in the percentage of urban Afrikaners between 1904 and 1960.

Figure 4: Growth in the percentage of urban Afrikaners



(H. Giliomee & B. Mbenga: *New history of South Africa*, p.279; W. Visser: *Urbanisation and Afrikaner class formation: The Mine Workers' Union and the search for cultural identity*, p.3.)

¹⁰⁹ *Ibid*, p.67.

¹¹⁰ H. Giliomee: *The Afrikaners: Biography of a people*, pp.279, 356.

¹¹¹ W. Visser: *Urbanisation and Afrikaner class formation: The mine workers union and the search for cultural identity*, p.3.

The percentage of urban Afrikaners increased five-fold from just 10% at the start of the twentieth century to 50% in 1936 when the total Afrikaans population stood at just over 1 million. Between 1936 and 1946 the distribution between Afrikaans and English-speaking white urban dwellers was fairly evenly balanced, but again the rate of urbanisation was higher amongst Afrikaans-speakers. During this period the Afrikaans-speaking section of the urban white population had increased from 43.8% to 49.5%. In 1947 there were 47 000 fewer Afrikaners in the countryside than there had been in 1936, while the number of English-speaking persons in the rural areas had increased by more than 4000.¹¹² By 1960 three quarters of Afrikaners were urbanised.¹¹³

4.4 Sanlam's presence in the German market, 1918-1960

Apart from conducting business in English and Afrikaans, there is also evidence that Sanlam conducted business in German during the first half of its history. Policies were issued in English, Afrikaans and German during this period.¹¹⁴ Although this was a small market – only 2.5% of South Africa's population in 1940, it was a market with a high level of awareness of the importance of life insurance and one that Sanlam felt a particular connection to.¹¹⁵ Sanlam's connection to the German community in South Africa originally came from one of its founders CG Fichardt who was the son of a German immigrant.¹¹⁶ Germans and Afrikaners shared a common European heritage. The Germans had sympathized with the Boers during the Anglo-Boer War. Further evidence that Sanlam had an active presence in the German-speaking market can be seen by advertisements which appeared in German as well as in English and Afrikaans.¹¹⁷ One such advertisement for Sanlam's Children's Policy appeared in German in 1928.

¹¹² N. Maynard Stultz: *Afrikaner politics in South Africa, 1934-1948*, p.95; Union of South Africa: *Census, 1946*.

¹¹³ H. Giliomee & B. Mbenga: *New history of South Africa*. p.279; W. Visser: *Urbanisation and Afrikaner class formation: The Mine Workers' Union and the search for cultural identity*, p.3.

¹¹⁴ *Die Fakkell*, 15 February 1934, p.15; 1 June 1942, p.2; *The Star*, 11 May 1960.

¹¹⁵ *Die Fakkell*, 7 February 1935, p.11; 1 November 1940, p.5.

¹¹⁶ D.W. Krüger (Ed.): *Suid-Afrikaanse biografiese woordeboek*, Vol III, pp.300-301; Sanlam: Biographical notes on CG. Fichardt; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.3, 6-7, 10-11, 13.

¹¹⁷ Sanlam: Selected advertisements, 1918-1960.

Figure 5: Example of an advertisement in German



(Sanlam: Advertisement for a Children's Policy in German, 1928.)

Apart from the small German speaking community in South Africa, Sanlam established a branch in the former German colony and South African protectorate of South West Africa in 1929.¹¹⁸ A very small percentage of Sanlam's total client base was German. For example in January 1940 only one German policyholder was identified and from July to September 1943 only two were identified. Therefore in 1954 the Board took the decision to discontinue issuing policies in German although Sanlam continued to operate in South West Africa.¹¹⁹ This decision to discontinue issuing policies in German was probably motivated by the outcome of the Second World War and Sanlam not wanting to be associated with Germany and the Nazi regime.

4.5 Expansion into the English-speaking market, 1961-2004

Sanlam operated as a bilingual company from its inception in 1918; yet it attracted a predominantly Afrikaans-speaking client base during the first half of its history. This is not surprising given that there were no other Afrikaans-orientated life insurance companies at the

¹¹⁸ Sanlam: *Chairman's address*, 10 December 1929.

¹¹⁹ Sanlam: *Daily Management meeting minutes*, 7 July 1954, p.84.

time of Sanlam's establishment. Most of the life insurance companies operating in the Cape Province where Sanlam was established were branches of foreign, especially British companies. Sanlam began to expand further into the English-speaking market during the second half of its history, while the Afrikaans market remained an important market throughout its history.

The reason for the change in strategy was that by this stage Sanlam had established itself in the Afrikaans-speaking market and had made progress with its goal of increasing Afrikaner participation in the mainstream economy. The establishment of the Republic of South Africa in 1961 had a similar impact as the establishment of the Union half a century earlier. It reminded Sanlam's leaders of its vision to operate as a national institution and the importance of including both of the main language groups in the country in its client base. The 1960s was also a prosperous time for South Africa. The population was growing and larger sections of it were economically active. Therefore it made good business sense to expand and diversify Sanlam's client profile at this time. Other life insurance companies like Old Mutual and Southern Life had large English speaking client bases and to remain competitive Sanlam had to expand further into the English-speaking market. Statistics showed that Afrikaans companies lagged behind their English counterparts in terms of premium income earned. In 1966 the share of Afrikaans life insurance companies in premium income on policies underwritten in South Africa was only 22%.¹²⁰

Despite the fact that the English speakers made up just under half of the urban population in South Africa and on average spent more on insurance than the Afrikaans-speaking market, Sanlam's share of this market was small.¹²¹ English speakers only made up 10% of Sanlam's client base in 1960.¹²² In 1961 only 37 members of Sanlam's field staff underwrote more than 20% English-speaking business. To increase production in the English-speaking market the Board introduced bonuses of R1 per R1000 for 20% or more English business underwritten.¹²³ Johannesburg was identified as a region with the greatest potential for

¹²⁰ *Die Fakkkel*, September 1969, p.3.

¹²¹ Sanlam: *Memorandum to the board*, 17 April 1968; Sanlam: *Report on the English market*, 9 November 1987; *Die Fakkkel*, 11 February 1972, p.1; Sanlam: *Marketing report*, 16 February 1972.

¹²² Sanlam: *Memorandum to the Board*, 20 February 1963.

¹²³ Sanlam: *Board meeting minutes*, 21 March 1962, p.150; Sanlam: *Memorandum to the board*, 15 March 1962.

underwriting English-speaking business. Sanlam planned to establish an English organisation there. Agents operating in Johannesburg were offered incentives of R60 per month for the first 12 months and R20 per month for the next 12 months for 60% or more English business underwritten there.¹²⁴ By 1965 the volume of English-speaking business had only increased marginally to 11.5% from 10% in 1960. Therefore in 1967 the Board decided to raise the percentage of English-speaking business that had to be underwritten for agents to qualify for bonuses to 30%.¹²⁵ These efforts to increase English production amongst Sanlam's field staff were paralleled by efforts to improve the English proficiency of its office staff which was predominantly Afrikaans at the time. Language practitioners were appointed to assist with the translation of correspondence and other documents into English.¹²⁶ A language service and courses in spoken English were introduced to improve the English language skills of Sanlam's office staff.¹²⁷

By the end of the 1960s various measures had been put in place to increase Sanlam's production in the English market, but this was not yet reflected in its share of this market. In 1968 Sanlam invested more money in English undertakings than what it generated in premium income from this market.¹²⁸ By the early 1970s one in every eight policies underwritten with Sanlam was by an English speaker.¹²⁹ By the mid-1980s the figure was one in five.¹³⁰ In 1987 Sanlam's share of the English market was only 14%, which indicated that the company still had some way to go in penetrating the English market.¹³¹

Sanlam was still perceived as an Afrikaans institution by this market. "The image perceived of Sanlam by the English market is one of a monolithic Afrikaans organisation with minimal interest in dealing with English."¹³² At the time only 6% of Sanlam's office staff was English, which contributed to this perception.¹³³ Sanlam began to appoint additional English speaking

¹²⁴ Sanlam: *Memorandum to the Board*, 15 March 1962.

¹²⁵ Sanlam: *Board meeting minutes*, 18 September 1968, p.112.

¹²⁶ *Die Fakkkel*, August 1962, p.15; Sanlam: *Board meeting minutes*, 18 September 1968, p.112.

¹²⁷ *Die Fakkkel*, August 1965, p.7.

¹²⁸ Sanlam: *Memorandum to the Board*, 17 April 1968.

¹²⁹ Sanlam: *Market report*, 16 February 1972.

¹³⁰ *Finance Week* survey: Sanlam's 75 years of service, pp. 6, 30.

¹³¹ Sanlam: *Report on the English market*, 9 November 1987.

¹³² *Ibid.*

¹³³ *Ibid.*

staff to increase its presence in this market. “While still operating in its traditional Afrikaans market, Sanlam is now making determined attempts to expand further into the English market.”¹³⁴ 80 additional English staff members were appointed at Sanlam’s head office during the first half of 1987.¹³⁵ The number of English field staff increased by over 35% during the same period.¹³⁶ This was accompanied by an increase of 74% in Sanlam’s English field management to manage this increased number of English field staff.¹³⁷ In 1987 Sanlam had 5 English regional managers and 30 English branch managers.¹³⁸

In the same year Sanlam’s regional branch in Johannesburg was converted into a fully English branch.¹³⁹ This region was identified as having great potential for attracting English-speaking clients. At the time 75% of the population of Johannesburg was English-speaking and Sanlam’s share of that market in the region was only 24%.¹⁴⁰

Christopher Bean – formally the manager of the Western Province and South West African branches of the traditionally English Prudential Assurance Company was appointed as the senior marketing manager to coordinate Sanlam’s expansion into the English-speaking market.¹⁴¹ In 1987 the first conference for managers of English-speaking regions and branches was held to discuss the development of the English-speaking market. Subsequent meetings were held in 1988 and 1989.¹⁴² Training was also offered to field staff on how to approach the English market.¹⁴³ Market research showed that the English market preferred investment and retirement products and that this market came largely from the middle and senior markets.¹⁴⁴ It therefore presented as a valuable market for Sanlam especially as it began to diversify into a financial services group.

¹³⁴ *Die Fakkkel*, 7 February 1987, p.2.

¹³⁵ *Ibid.*, 7 October 1988, p.3.

¹³⁶ *Ibid.*

¹³⁷ *Ibid.*

¹³⁸ *Ibid.*, 23 October 1987, p.3, 13 March 1987, p.1; Sanlam: *Report on the English market*, 9 November 1987.

¹³⁹ *Die Fakkkel*, 7 October 1988, p.3; 1 September 1989, p.1.

¹⁴⁰ Sanlam: *Report on the English market*, 9 November 1987.

¹⁴¹ *Die Fakkkel*, 13 March 1987, p.1; 23 October 1987, p.3.

¹⁴² *Ibid.*, 1 September 1989, p.1; 12 August 1988, p.3; 23 October 1987, p.3.

¹⁴³ *Ibid.*, 19 November 1982, p.3.

¹⁴⁴ *Ibid.*, 7 October 1988, p.3; 1 September 1989, p.1.

During the first half of 1988 Sanlam attracted 65% more English business than it did during the corresponding period in the previous year.¹⁴⁵ This may be attributed to Sanlam's increased presence in the English market especially by way of its field staff. A survey conducted in the late 1980s claimed that

“South Africa's English speaking communities have drastically changed their perceptions of Sanlam owing to (its) increased activity in the market place. Bold marketing has made Sanlam more accessible to the English market”.¹⁴⁶

By the early 1990s nearly half of Sanlam's clients were English.¹⁴⁷ 9% of its office staff and 27% of its field staff (collectively 18% of Sanlam's total staff) was English.¹⁴⁸

Murray Grindrod, a representative from the English-speaking community and member of the Natal Regional Board was appointed to Sanlam's Executive Board in 1993.¹⁴⁹ Grindrod was also the chairman of the Unicorn Group.¹⁵⁰ Sanlam's board traditionally had an Afrikaans profile and it was felt that the appointment of a representative from the English community would help to improve Sanlam's image in that market. In 1993 there were three English-speakers on Sanlam's board: Murray Grindrod, Kate Jowell and Desmond Smith who was also the managing director.¹⁵¹ By the mid-2000s more than half of Sanlam's board was English-speaking and the language distribution of its client base was evenly spread between English and Afrikaans speakers.¹⁵² Sanlam had succeeded in integrating both language groups into its business.

¹⁴⁵ *Ibid*, 7 October 1988, p.3.

¹⁴⁶ Henry Barenblatt Research Surveys: Survey on the life insurance industry, 1 September 1989, p.1.

¹⁴⁷ *Finance Week* survey: Sanlam's 75 years of service, pp.6, 30.

¹⁴⁸ *Ibid*; *Sanlammer*, 3 May 1991, p.2.

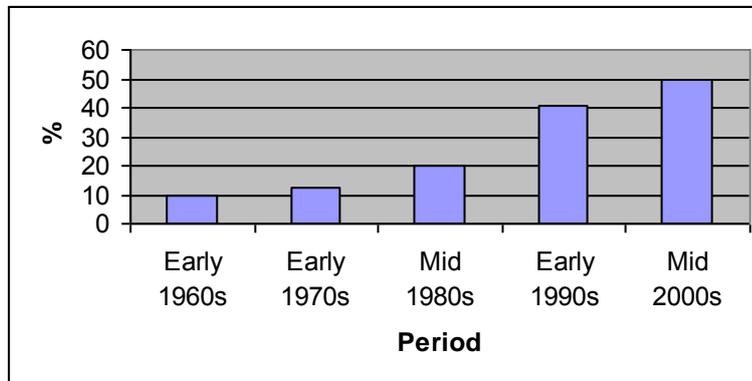
¹⁴⁹ Sanlam: *Board meeting minutes*, 30 October 1993, p.127; Sanlam: *Board meeting minutes*, 17 November 1993, p.131.

¹⁵⁰ *Die Fakkell*, 22 December 1993, p.13.

¹⁵¹ Sanlam: *Annual Report 1993*, p.10.

¹⁵² Sanlam: *Annual Report 2004*, pp.22-23.

Figure 6: Growth in Sanlam's English business, 1960-2004



(Sanlam: *Memorandum to the Board*, 20 February 1963; Sanlam: *Market report*, 16 February 1972, *Finance Week* survey: Sanlam's 75 years of service, pp.6, 30; Sanlam: *Annual Report 2004*, pp.22-23.)

The graph illustrates the growth in Sanlam's English business from the beginning of the 1960s up until the mid-2000s. Sanlam's English business increased five-fold during this period from just 10% in 1960 to about 50% in 2004 as Sanlam began to diversify and took steps to increase its presence in this market.

4.6 African languages, 1961-2004

There is also evidence that Sanlam began to conduct business in African languages such as Xhosa, Zulu and Tswana during the second half of its history. Advertisements in these languages appear on a regular basis during this period.¹⁵³ Sanlam also advertised in publications with a traditionally black readership such as *Pace*, *Bona* and *True Love*.¹⁵⁴ This will be discussed in more detail in the next chapter which deals with the racial profile of Sanlam's client base. In 1966 a letter written in an African language which was sent to a Swazi policyholder was featured in the company's internal publication *Die Fakkkel*.¹⁵⁵ An

¹⁵³ Sanlam: Selected advertisements, 1961-2004.

¹⁵⁴ *Ibid.*

¹⁵⁵ *Die Fakkkel*, May 1966, p.25.

article written in an African language appeared in *Die Fakkkel* for the first time in 1980.¹⁵⁶ This is an indication that Sanlam was conducting business in African languages at this time. The inclusion of the black section of the population, another marginalised group, in Sanlam's client base was a testament to the company's vision of operating as a truly national institution. This forms the topic of the next chapter.

4.7 Conclusion

Although Sanlam is popularly perceived as an Afrikaans company, it started off as a bilingual company. Despite its commitment to operate as a truly national institution which included both of the main language groups in the country, it attracted a predominantly Afrikaans-speaking client base during the first half of its history. This may be attributed to the fact that Sanlam was the first company of its kind to directly target and represent the interests of the Afrikaans-speaking market. This market identified with Sanlam. While it never completely excluded the English-speaking market, Sanlam began to expand further into this market from the 1960s to increase its competitiveness and in response to changes in its function and in the political and economic climate in the country. By the time Sanlam entered the twenty-first century the language distribution of its client base was evenly balanced between English and Afrikaans-speaking clients and it conducted business in African languages. It had realised its vision of operating as a national institution that represented all language groups in the country.

¹⁵⁶ *Ibid*, 7 November 1980, p.2.

CHAPTER 5: FROM DANTU TO MOTSEPE: SANLAM AND THE AFRICAN¹ MARKET, 1918-2004

5.1 Introduction

At the time of Sanlam's establishment whites were the most economically active section of the South African population. Therefore they would make up the bulk of the market for life insurance. Sanlam attracted a predominantly Afrikaans-speaking client base during the first half of its history. Although Afrikaans was the language of the descendants of the first European settlers at the Cape and the second language of many of the descendants of the first British settlers, it was also spoken by blacks, coloureds and Indians. This chapter explores to what extent Africans were included in Sanlam's client base. It does so in the context of the changing political, social and economic climate in South Africa, which towards the end of the twentieth century had become more inclusive of all race groups. How did Sanlam and the life insurance industry respond to these changes? What implications did the racial profile of Sanlam's client base have for its identity as a national life insurance company?

5.2 Industrial insurance, 1918-1920

Although Sanlam focused on ordinary life insurance with its inception in 1918, its Memorandum and Articles of Association also provided for insurance aimed at lower income groups in the form of industrial insurance.² For this purpose a separate Industrial Insurance Department was established in 1918. This Department issued policies for under £100 with premiums that could be paid weekly, monthly or otherwise.³ The client base of this Department included Africans as they were generally low income earners and therefore formed a market for this type of insurance. African Homes Trust which specialised in industrial insurance also targeted this market.⁴ A similar trend can be identified in the United States, which also had a multiracial population. Black companies overwhelmingly underwrote industrial insurance. In 1930 63% of business underwritten by black life

¹ The term "African" includes blacks, coloureds and Indians.

² Sanlam: *Memorandum and Articles of Association*, 1918.

³ *Ibid*; Sanlam: Selected brochures, 1918-1920.

⁴ Anon.: *Metropolitan Life 100 years (1898-1998)*, p.70.

insurance companies in the United States was for industrial insurance. This was in contrast to 17% industrial business underwritten by white companies.⁵ Sanlam's Industrial Department was headed by CM Dantu.⁶ He was the first person of colour to hold a senior management position at Sanlam. His appointment was a further indication that Sanlam's Industrial Department targeted Africans.

Sanlam's Industrial Department almost immediately established a coloured section.⁷ This showed that it specifically targeted this section of the population. Demographically the Cape where Sanlam was established had a large coloured population. As discussed in the previous chapter, large sections of the coloured population could speak Afrikaans which was Sanlam's main language of operation during the first half of its history. Many coloureds had a lifestyle similar to whites, which made them a less risky type of business to underwrite.⁸ There is also evidence of Sanlam's Industrial Department underwriting business amongst blacks. One such example was a policy on the life of C Ncinitwa. The policy was taken out on 15 September 1919 by his mother. The weekly premiums on this policy were 3 pennies and the assured amount was £24-19-6. Only six payments had been received for this policy as the assured's mother died and the policy lapsed. The policy had been underwritten by a black agent RH Godlo in East London.⁹ The use of black agents and the canvassing of business in regions with large black populations such as East London show that Sanlam's Industrial Department actively targeted black clients. There were however no references to Indian industrial policyholders in the available material on Sanlam's industrial business.¹⁰

Sanlam's Industrial Department did not only target coloureds and blacks. The establishment of the coloured section was closely followed by the establishment of a white section.¹¹ Coloureds and blacks were not the only low income earners. As discussed previously this was the time of the poor white problem and large sections of the white population especially Afrikaners found themselves in an impoverished and economically marginalised position.

⁵ W.B. Weare: *Black business in the New South: A social history of the North Carolina Mutual Life Insurance Company*, p.157.

⁶ Sanlam: *Daily Management meeting minutes*, 12 July 1918.

⁷ Sanlam: *Board meeting minutes*, 2 December 1918.

⁸ A.C. MacIntyre: *The South African Red Book*, p.23.

⁹ *Die Fakkkel*, 23 April 1971, p.18.

¹⁰ Sanlam: *Selected Board and Daily Management meetings, 1918-1920*.

¹¹ Sanlam: *Board meeting minutes*, 29 October 1919.

80% of mineworkers in Johannesburg were Afrikaners. In order to access this market Sanlam's Board decided to establish a white section with white staff and white agents.¹² A white head superintendent, to whom Dantu had to report, was also appointed for the Department.¹³ The establishment of the white section had both a business and an empowerment motive as it allowed Sanlam to supply affordable life cover to a wider market. It also showed that Sanlam's Industrial Department followed the racial divisions of the country at the time. African Homes Trust had adopted a similar approach to the different race groups.¹⁴

At the end of 1920 Sanlam's Board decided to transfer its industrial business to African Homes Trust.¹⁵ The reason for the transfer was that industrial policies with their small assured amounts, weekly premiums and high rate of lapses proved costly and difficult to administrate. It was felt that African Homes Trust which focused on industrial insurance was better equipped to manage this type of business.¹⁶ Sanlam was also connected to African Homes Trust through its parent company Santam which had taken over African Homes Trust in 1918.¹⁷ The transfer of Sanlam's industrial business to African Homes Trust came into effect on 1 January 1921.¹⁸ Although short-lived the operations of the Industrial Department provides some evidence that Sanlam's client base included Africans from its inception in 1918.

5.3 Ordinary business, 1918-1950

Sanlam underwrote very little ordinary African business during the first half of its history. On 20 June 1919 a proposal for an ordinary policy for £500 with a loading on two Indian lives was turned down by Sanlam's Daily Management.¹⁹ No reason was given for turning down the application. On 3 September 1920 the general issue of the insurance of black lives was

¹² *Ibid*, 28 July 1919.

¹³ *Ibid*, 27 August 1919.

¹⁴ *Ibid*, 28 July 1919.

¹⁵ *Ibid*, 24 November 1920; 22 December 1920.

¹⁶ W.P.G. Koen: *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*, p.128.

¹⁷ Anon.: *Metropolitan Life 100 years (1898-1998)*, p.70; J.P. Scannell: *Uit die volk gebore. Sanlam se eerste vyftig jaar*, pp.17-18.

¹⁸ Sanlam: *Board meeting minutes*, 22 December 1920.

¹⁹ Sanlam: *Daily Management meeting minutes*, 20 June 1919, p.195.

referred to Sanlam's actuary for advice and report.²⁰ On 20 October 1921 a death claim on an ordinary policy which had been taken out by a coloured policyholder was approved by Sanlam's Daily Management.²¹ Between 1922 and 1949 the proportion of African business underwritten by Sanlam did not exceed 5% of its total business.²²

A number of reasons have been identified for the small proportion of African business early on. There was not a high demand for ordinary life insurance amongst this market. This particularly applied to blacks. The black population was still largely rural and removed from the main economic centres of the country. This was perpetuated by segregation legislation such as the 1913 Land Act, the 1923 Urban Areas Act and the 1945 Native Urban Areas Consolidation Act which restricted the movement of blacks. In 1936 only 17.3% of blacks were urbanised.²³ Those who lived and worked in the cities, mostly as migrant labourers, took up unskilled and semi-skilled positions and earned low wages.²⁴ This made them a market for industrial rather than ordinary life insurance. Sanlam referred this type of business to African Homes Trust, which it took over from Santam in 1935.²⁵ Largely removed from modern influences, this market also had a lower level of awareness of the importance of life insurance, which was a colonial export. There were also cultural differences between whites and Africans with regards to death and provision for dependents after death. Rural blacks came from large family units and relied in communal support for dependents after death. The introduction of the first segregation and apartheid laws during this period impacted the policy of life insurance companies towards the different race groups. Many Africans would perceive Sanlam as a white Afrikaans company, which would further discourage them from doing business there.

African business was also a riskier type of business to underwrite because of the inferior standard of living and higher mortality rate associated with this market. Therefore the approval and insurance of African prospects was subject to stricter conditions than for white

²⁰ *Ibid*, 3 September 1919, p.138.

²¹ *Ibid*, 20 October 1921.

²² Sanlam: *Policy registers* 3, 13, 30 and 42.

²³ J. Nattrass: *The South African economy: Its growth and change*, p.39

²⁴ H. Giliomee & B. Mbenga: *New history of South Africa*, p.262.

²⁵ Sanlam: *Chairman's address*, 11 December 1935; Sanlam: *Daily Management meeting minutes*, 17 January 1935.

prospects.²⁶ This further discouraged African business. African prospects were usually referred to Sanlam's management for approval before they could be insured. Examples of such applications occur regularly in the minutes of the company during this period.²⁷ Such applications were usually accompanied by a confidential report detailing aspects of the prospect's occupation, lifestyle, living conditions and health as proof of insurability.²⁸ Such screening procedures for African lives were typical of South African life insurance companies at the time.

“Most companies require Non-Europeans when submitting a proposal to furnish particulars of their living conditions. In cases where overcrowding, lack of adequate sanitary facilities, insufficient means, or exposure to infection are apparent, an extra premium is likely to be imposed.”²⁹

This extra or higher premium was called a race load. It was also applied to African policies to account for the higher mortality rate experienced by this group as South African life insurance companies predominantly made use of British mortality tables in the calculation of premium rates.³⁰

“The question of race has to be considered in relation to the mortality table on which the normal premiums are based as there can be considerable differences between the mortality of races. Since most life offices calculate their premiums on the basis of European mortality, adjustments to terms of acceptance have to be made in the case of non-European lives.”³¹

²⁶ R.J. Miller: *Life assurance in South Africa*, pp.52-54; Sanlam: *Daily Management meeting minutes*, 30 August 1950; 26 August 1959; Sanlam: *Memorandum to Board*, 22 August 1959.

²⁷ Sanlam: Selected Board and Daily Management meeting minutes, 1918-1950.

²⁸ Sanlam: *Daily Management meeting minutes*, 23 February 1933, p.391; *Die Fakkkel*, 1 April 1933, p.13; 1 December 1938.

²⁹ R.J. Miller: *Life assurance in South Africa*, p.54.

³⁰ A.C. MacIntyre: *The South African Red Book*, p.23.

³¹ R.J. Miller: *Life assurance in South Africa*, p.54.

The report of the Medical Officer of Health for the Cape Colony had for example found that “the mortality at each year throughout the whole term (i.e. between the ages of 15 and 45) is higher than the English standard by 33% in the case of Europeans and by nearly 200% in that of the coloured deaths.”³² The 1946 Union Census found that the mortality rate of Indians was 212% higher than whites at age 20, 125% higher at age 35, 78% higher at age 48, 75% higher at age 55, 57% higher at age 65 and 52% higher at age 75.³³ In the calculation of its own race loads Sanlam not only took into consideration data such as this, but also the experience of the older life insurance companies in the country such as South African Mutual (later Old Mutual) and Southern Life.³⁴ This size of the load was also determined by factors such as ethnic group, age, gender, living conditions and location. African women for example posed a greater risk to the company because of their higher than average mortality rate. American statistics estimated the mortality rate of African women to be almost double that of white women during the fertile years.³⁵ Another risk factor was foreign travel or residence outside of South Africa because of the possibility of exposure to political instability, an unhealthy climate or infection and disease that it created.³⁶ This particularly applied to Indians and Malays. In 1932 the Board announced that it was only prepared to accept Indian lives if they were male, born in South Africa and of the higher social class.³⁷ Most life insurance companies operating in South Africa at the time imposed restrictions on policyholders intending to travel or reside outside of the country, on both white and African policies. Loads were also applied to high risk white lives.³⁸ This shows that it was a business motive based on risk rather than an ideological one based on race.

Africans did not qualify for all the same products and policy benefits as white prospects.³⁹ Whole Life policies, which were payable at death of the insured, were not marketed to Africans by Sanlam during this period probably because of the higher mortality rate experienced by this group.⁴⁰ Neither were they marketed to Africans by Colonial Mutual or

³² A.C. MacIntyre: *The South African Red Book*, p.23.

³³ Sanlam: *Memorandum to the Board*, 27 November 1951.

³⁴ *Ibid.*

³⁵ *Ibid.*, 25 August 1959.

³⁶ *Ibid.*, 27 November 1951; R. J. Miller: *Life assurance in South Africa*, pp.53-54.

³⁷ Sanlam: *Board meeting minutes*, 21 April 1932, p.101.

³⁸ R. J. Miller: *Life assurance in South Africa*, pp.50-56.

³⁹ Sanlam: *Memorandum to Board*, 27 November 1951; Sanlam: *Daily Management meeting minutes*, 28 November 1951.

⁴⁰ Sanlam: *Memorandum to the Board*, 27 November 1951.

Legal and General.⁴¹ Some South African life insurance companies sold Whole Life policies to Africans during this period, but only to coloureds and Indians under special conditions.⁴² Endowment policies, which were payable at the end of a selected period, were however marketed to Africans including blacks by Sanlam and most other life insurance companies operating in South Africa although only under certain conditions.⁴³ In 1932 Sanlam's Board decided to insure male coloured lives of the better class under endowment policies, but without disability benefits.⁴⁴ In most cases Africans did not qualify for disability benefits or non-medical business because of increased exposure to hazards in their work and daily lives.⁴⁵

Sanlam was more willing to accept Africans with a high standard of living comparable to that of whites such as teachers.⁴⁶ Conditions for the approval and insurance of these lives were more lenient. In 1933 Sanlam decided to accept non-medical business for Indian and black teachers up to £200.⁴⁷ In the same year the confidential report that had to accompany African applications was removed for teachers because they were regarded as having a similar standard of living as most whites and therefore did not have to provide additional proof of insurability.⁴⁸ Sanlam was prepared to accept black and coloured female teachers under certain conditions.⁴⁹ A similar trend can be identified in the United States with the North Carolina Mutual Life Assurance Company – a black life insurance company which insured teachers.

⁴¹ *Ibid.*

⁴² R.J. Miller: Life assurance in South Africa, p.54.

⁴³ *Ibid*; Sanlam: Selected brochures, 1918-1934; Sanlam: *Board meeting minutes*, 19 May 1932, p.102; *Die Fakkkel*, 15 January 1936.

⁴⁴ Sanlam: *Board meeting minutes*, 19 May 1932, p.10.

⁴⁵ Sanlam: Selected rate books, 1918-1950.

⁴⁶ Sanlam: *Board meeting minutes*, 18 February 1932, p.99; 21 April 1932, p. 101; 19 May 1932, p.102.

⁴⁷ *Ibid*, 27 October 1933, p.119; Sanlam: *Daily Management meeting minutes*, 19 October 1933, p.423.

⁴⁸ Sanlam: *Daily Management meeting minutes*, 23 February 1933, p.391; *Die Fakkkel*, 1 April 1933, p.13; 1 December 1938, p.33.

⁴⁹ Sanlam: *Board meeting minutes*, 17 May 1934, p.126; Sanlam: *Daily Management meeting minutes*, 5 March 1936, p.281.

“Durham folklore argues that the Mutual endured the Depression because it held so many ordinary policies on black schoolteachers, whose incomes remained relatively stable during the panic.”⁵⁰

In the 1930s Sanlam introduced pension schemes aimed specifically at African teachers and other high-standing Africans such as missionaries, ministers and government officials.⁵¹ These schemes were introduced at the same time that Sanlam became the official insurer of the Transvaal, Orange Free State and Union Teacher’s Associations. The introduction of these schemes allowed Sanlam to include Africans in its group insurance for teachers while addressing the specific needs and risks associated with this section of the market. Insuring Africans as a group eliminated some of the risks associated with this market. The black population preferred to be insured as a group because of its sense of collective identity.⁵² Sanlam made use of black agents and white agents who were proficient in African languages to canvas this market.⁵³ These agents operated in areas such as the Transkei and Queenstown with large black populations.⁵⁴ A special organisation was established in the Transkei to canvass black teachers.⁵⁵ In 1933 JP Feenstra, the assistant manager of Sanlam and Mr Kusche, the chief inspector of schools and a friend of the African people, visited a black school in Rouxville in the Free State to canvas teachers for pension schemes. The school’s principal Mr Mciteka recalled how the visitors informed his staff about the importance of life insurance. He also recalled that provision for retirement was a major concern amongst black teachers at the time. The school signed a stop order contract with Sanlam.⁵⁶

⁵⁰ W.B. Weare: *Black business in the New South: A social history of the North Carolina Mutual Life Insurance Company*, pp.157-158.

⁵¹ Sanlam: *Daily management meeting minutes*, 23 September 1934, p.213; Sanlam: Selected advertisements, 1934-1938; Sanlam: Selected brochures, 1935-1938.

⁵² *Die Fakkkel*, February 1959, p.12.

⁵³ Sanlam: *Daily Management meeting minutes*, 25 January 1934; 16 June 1930; p.266; 22 June 1933, p.407; 23 September 1934, p.213; 13 November 1945; 29 July 1947; *Die Fakkkel*, 1 May 1933, pp.12-13; *Die Fakkkel*, 7 December 1938, p.13.

⁵⁴ *Die Fakkkel*, February 1967, p.12.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*, October 1959, p.2.

Table 8: Size and profile of Sanlam's African client base, 1922-1949

	Jan-Mar 1922	Jan-Mar 1936	Aug-Sept 1943	Aug-Sept 1949
Blacks	0	74	24	33
Coloureds	0	7	7	19
Indians	2	7	3	4
Total African clients	2	88	34	56
% of total client base	2	5	1	1
Total African teachers	0	74	20	24
% of total African clients	0	84	59	43

(Sanlam: Policy registers 3, 13, 30 and 42.)

Sanlam's African client base peaked at 5% of its total client base at the time that these pension schemes were introduced for African teachers.⁵⁷ Between January and March 1936 Sanlam underwrote 88 African lives of which 74 or 84% were teachers.⁵⁸ Teachers continued to make up an important part of Sanlam's African client base in the 1940s making up 59% of African clients between August and September 1943 and 43% between August and September 1949.⁵⁹ Towards the end of the 1940s there was a decline in Sanlam's African business as the National Party came to power and Sanlam's focus shifted onto group insurance for white, mostly Afrikaans civil servants.

⁵⁷ Sanlam: Policy register 13.

⁵⁸ *Ibid.*

⁵⁹ Sanlam: Policy registers 30 and 42.

5.4 Expansion into the African market, 1951-2004

5.4.1 Motive

5.4.1.1 Population size, growth and under-representation in the African market

Sanlam began to expand further into the African market during the second half of its history as this market was identified as a market with potential for growth in the future.⁶⁰ The African market was large and was becoming increasingly economically active. During this period between 1951 and 2004 Africans made up 80% or more of South Africa's population; yet this was not reflected in Sanlam's share of this market.⁶¹

In 1957 a report on Sanlam's expansion into the African market found that Sanlam only underwrote 285 African policies with a total assured amount of £203 613 in that year.⁶² The total number of African policies on its books on 30 September 1957 was 1786 with a total assured amount of £597 833.⁶³ Although the issue of expansion into the African market had been discussed previously by Sanlam's management these figures along with the recognition of the rapid development and growing potential of the African market showed that the matter required more urgent attention.⁶⁴

Sanlam initially focused its attention on expansion into the coloured market as it had access to information on the mortality experience and risk profile of this market which was generally of a high standard and this market was well-represented in the Cape Province where Sanlam's head office was located. In 1957 the total coloured population of the country stood at 1 319 000 of which 338 300 (one quarter) resided in Cape Town and a further 70 025 in the surrounding areas of Paarl (27 000), Stellenbosch (20 000) and 23 025 (Worcester).⁶⁵ Port

⁶⁰ Sanlam: *Daily Management meeting minutes*, 22 January 1958, p.28, 26 August 1959; Sanlam: *Memorandum to the General Manager*, 3 July 1958; Sanlam: *Memorandum to the Board*: 25 August 1958, 25 August 1959, 21 May 1969, 15 June 1977; *Die Fakkkel*, 1 July 1961, p.23, 19 February 1971, p.2; Sanlam: *Board meeting minutes*, 6 February 1972, 11 November 1980, 29 May 2003, p.6; Sanlam: *Marketing Report*, 16 February 1972, 10 December 1980; Sanlam: *Chairman's address*, 18 March 1975, 8 March 2000, p.9; *Interland News*, January 1990, p.1; Sanlam: *Marketing Environment Report*, July 1999, p.103; *Sandaba*, March 2000, p.5, July 2000, p.1, February 2001, p.2, April 2000, p.17; Sanlam: *Annual Report*, 2004, pp.16-17.

⁶¹ Bureau of Census and Statistics: Official South African Census Reports and population statistics: 1951, 1960, 1970, 1980, 1985, 1991, 1996, 2001, 2004.

⁶² Sanlam: *Memorandum to the Board*, 25 August 1958.

⁶³ *Ibid.*

⁶⁴ *Ibid.*

⁶⁵ Sanlam: *Memorandum to General Manager with regards to non-white business*, 3 July 1958.

Elizabeth (50 000) and Durban (23 700) also had large coloured populations.⁶⁶ The coloured community which included many Afrikaans speakers expressed the desire to work with and do business with an Afrikaans-orientated company like Sanlam. Despite this Sanlam had practically ignored this market up until this point.⁶⁷ The assistant agency manager DG du Plessis who compiled this report came to the conclusion that the time was ripe for Sanlam to expand into the coloured market on a large scale.⁶⁸

Another report on Sanlam's expansion into the African market in 1959 found that in that year its African business was less than half a percent of its white business.⁶⁹ Yet at this time the African population stood at nearly 11.5 million including 10 million blacks, 1 million coloureds and 400 000 Indians compared to 3 million whites.⁷⁰ The African population was "becoming a valuable source of insurance."⁷¹ The African population also grew at a faster rate than the white population. Between 1951 and 1960 the black population grew by 2.39%, the coloured population by 3.13% and the Indian population by 2.94% compared to 1.66% growth in the white population.⁷² Increases in population growth are typically associated with improvements in the living standards (i.e. higher income levels, better nutrition, sanitation and health care) and are usually accompanied by lower mortality rates all of which made the African market a more attractive one for life insurance.⁷³ The coloured population showed the highest rate of growth during this period, which explains why Sanlam initially focused on this market.

During the 1960s the African population continued to grow at a faster rate than the white population with a 2.65% growth in the black population, a 3.01% growth in the coloured population and a 2.60% growth in the Indian population compared to a 2.14% growth in the white population.⁷⁴ The rate of growth remained the highest amongst the coloured population although it decreased from 3.13% in the 1950s to 3.01% in the 1960s. Such a decrease in the

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*

⁶⁸ *Ibid*; Sanlam: *Memorandum to Board*, 25 August 1958.

⁶⁹ Sanlam: *Memorandum to the Board*, 25 August 1959.

⁷⁰ *Ibid*; *Die Fakkell*, October 1959, p.2; September 1960, p.8

⁷¹ *Die Fakkell*, October 1959, p.2.

⁷² J. Nattrass: *The South African economy: Its growth and change*, p.37; JL Sadie: *Population and economic development in South Africa*, p.206.

⁷³ J. Nattrass: *The South African economy: Its growth and change*, p.36.

⁷⁴ *Ibid*, p.37; JL Sadie: *Population and economic development in South Africa*, p.206.

rate of growth also occurred in the Indian population from 2.94% in the 1950s to 2.60% in the 1960s. Population growth followed by a corresponding decline in growth is a further indication of development. As a population became more urbanised and further development took place, it was further influenced by modern forces, values changed and families became smaller resulting in a corresponding decline in population growth. This was a feature of most advanced Western economies.⁷⁵ This was the case with the coloured and Indian populations which Sanlam initially focused its expansion on. These groups also had a higher status than blacks under Apartheid. The Population Registration Act of 1950 divided the races into separate statutory groups which determined where they could live, what schools they could attend and what facilities they could access. Blacks were the most disadvantaged of all the race groups.⁷⁶ By the end of the 1960s the African population stood at nearly 18 million including 15 million blacks, 2 million coloureds and 600 000 Indians and was four times as large as the white population which stood at nearly 4 million.⁷⁷ Yet at this time only one sixtieth of Sanlam's policyholders were Africans.⁷⁸ At this time Sanlam's management once again recognised the need to expand further into other markets such as the African and English speaking markets to increase its market share.⁷⁹ This was in the aftermath of the Sharpeville incident of 1960, which raised international awareness about racial discrimination in South Africa.⁸⁰

Sanlam's management expressed similar sentiments in the 1970s when the African population stood at 24.5 million or 82% of South Africa's population and Sanlam's share of this market was only 5%.⁸¹ A marketing report published in 1972 found that Sanlam's client profile was not "diverse" and that it was under-represented in the African, female and English speaking markets.⁸² Sanlam's management expressed the need to expand into these markets if Sanlam was to increase its production.⁸³ Although African business was a riskier and less profitable type of business to underwrite at the time, Sanlam's management recognised this

⁷⁵ *Ibid.*

⁷⁶ H. Giliomee & B. Mbenga: *New History of South Africa*, p.316.

⁷⁷ Bureau of Census and Statistics: *Official South African Census Report and population statistics*, 1970.

⁷⁸ Sanlam: *Marketing Report 1967; Memorandum to the Board*, 17 April 1968.

⁷⁹ Sanlam: *Marketing Report 1968; Memorandum to the Board*, 21 May 1969.

⁸⁰ H. Giliomee & B. Mbenga: *New History of South Africa*, pp.334-336.

⁸¹ Bureau of Census and Statistics: *Official South African Census Report and population statistics*, 1980; Sanlam: *Memorandum to the Board*, 18 April 1972; 17 October 1972; *Conditions for non-white lives*, 9 June 1977.

⁸² Sanlam: *Marketing Report*, 16 February 1972. Sanlam: *Marketing Report*, 16 February 1972.

⁸³ Sanlam: *Memorandum to the Board*, 18 April 1972.

growing market as an important one for the future.⁸⁴ Between 1970 and 1980 the African population continued to grow at a faster rate than the white population; yet in 1975 Sanlam only had 5390 African policies on its books.⁸⁵ During this decade the black population grew by 3.33%, the coloured population by 2.52% and the Indian population by 2.67% compared to 1.91% growth in the white population. The rate of growth in the coloured population continued to decline from the 1960s to the 1970s from 3.01% to 2.52% as an indication of development.⁸⁶ This explains why Sanlam focused much of its initial expansion into the African market on the coloured market especially in the Western Cape where the coloured population was well represented.

The African market would become increasingly important in the changing political climate of the 1980s and 1990s. Like the Sharpeville incident of the early 1960s, the Soweto Uprising of 1976 raised international awareness about the marginalisation of Africans in South Africa and put pressure on the government to bring about change. By the mid-1980s Sanlam's share of African business almost tripled from 5% in 1975 to 14% in 1985, but it was still not representative of the size of the African population.⁸⁷ In 1985 the African population stood at 28 million and was six times as large as the white population. The black population remained the largest section of the African population at 24 million.⁸⁸ During the 1980s and 1990s the African population continued to grow at a faster rate than the white population although all three groups (blacks, coloureds and Indians) experienced a decline in growth from the 1970s as an indication of development and as a reflection of an overall decline in the rate of growth of the South African population.⁸⁹ In 1993 on the eve of South Africa's democratisation whites made up 65% of Sanlam's target market; yet this group only made up 17% of South Africa's population. Blacks made up 72% of South Africa's population, but only 20% of Sanlam's target market.⁹⁰ Although it made up nearly three-quarters of South Africa's population, the black market remained under-insured. A survey found that in 1993 only 6%

⁸⁴ Sanlam: *Marketing Report*, 16 February 1972, 10 December 1980.

⁸⁵ Bureau of Census and Statistics: Official South African Census Report and population statistics, 1980; Sanlam: *Memorandum to the Board*, 18 April 1972; 17 October 1972; Conditions for non-white lives, 9 June 1977.

⁸⁶ J. Nattrass: *The South African economy: Its growth and change*, p.37; J.L. Sadie: *Population and economic development in South Africa*, p.206.

⁸⁷ *Finweek*, 10-16 June 1993, p.28.

⁸⁸ Bureau of Census and Statistics: Official South African Census Report and population statistics, 1985.

⁸⁹ S. Van der Berg & M. Louw: *Changing patterns of South African income distribution towards time series estimates of distribution and poverty*.

⁹⁰ Sanlam: *Advertising and marketing survey*, March-April 1993.

of black adults owned a life insurance policy compared to 41% of whites.⁹¹ Sanlam's share of the coloured and Indian markets was more balanced. In 1993 coloureds made up 9% of South Africa's population and 10% of Sanlam's target market. Indians made up 3% of South Africa's population and 5% of Sanlam's target market.⁹²

By the turn of the twenty-first century, the African market was recognised as the "fastest growing market in South Africa."⁹³ At that time the African population stood at 40.5 million and was nine times as large as the white population; yet it only made up 43% of Sanlam's target market.⁹⁴ Despite its size and growing importance, in 2002 57% of the African market did not have life insurance.⁹⁵ This under-insurance of the African market was one of the motives for Sanlam's expansion into this market. "This focus is particularly appropriate in the light of the fact that the black⁹⁶ market has not been a traditional focus area for insurance so far."⁹⁷ It was also noted that: "The black market is an emerging market that Sanlam would like to develop."⁹⁸

5.4.1.2 Urbanisation

Urbanisation of the African population was another motive for expanding into this market. Urbanisation was in response to economic development and the growing labour demands of the country.⁹⁹ Urbanisation created increased dependence on income earned outside the home and exposure to modern ideas which increased the demand for life insurance amongst the African population. It also reduced risk by providing higher income and access to better living conditions and healthcare.

⁹¹ The Black Market survey, April 1994.

⁹² Sanlam: *Advertising and marketing survey*, March-April 1993.

⁹³ *Sandaba*, February 2001, p.2.

⁹⁴ Sanlam: *Annual Report*, 2002, p.15.

⁹⁵ *Ibid.*

⁹⁶ Here the term black includes Indians and coloureds.

⁹⁷ *Sandaba*, April 2003, p.17.

⁹⁸ *Ibid.*, July 2000, p.1.

⁹⁹ J. Natrass: *The South African economy: Its growth and change*, pp.39-41.

Table 9: Percentage of each race group in urban areas in 1970 and 1985

	1970	1985
Black	33.1%	34.1%
Coloured	74.1%	77.8%
Indian	86.7%	93.4%
White	86.8%	89.6%
Total	47.8%	48.9%

(South African statistics, 1978 and 1986.)

The percentage of urban coloureds and Indians compared favourably with that of urban whites, which suggests a living standard similar to whites. This explains why Sanlam initially focused its expansion on these sections of the African population. The percentage of urban blacks was smaller as there were more restrictions on the movements of this group and Apartheid legislation placed them in reserves or homelands in rural areas. The figures however do not include the large number of migrant labourers who left the homelands temporarily to take up positions in the city. By 1970 there were 1.25 million such migrant labourers and in 1985 over 2 million.¹⁰⁰

Table 10: Percentage of each race group in urban areas in 2001

	2001
Black	47.47%
Coloured	86.78%
Indian	97.49%
White	89.87%
Total	56.26%

(Bureau of Census and Statistics: Official South African Census Reports and population statistics: 2001.)

¹⁰⁰ *Ibid.*

By 2001 although Apartheid legislation had since been removed the proportion of urban residents per race group showed the legacy of spatial discrimination. Blacks remained the least urbanised section of the South African population with just under half of blacks urbanised although this had increased from one third in the mid-1980s. This explains Sanlam's initial focus on the coloured and Indian markets and the need to expand further into the black market which made up the largest section of the South African population and was becoming increasingly urbanised.

5.4.1.3 Economic development

Historically blacks were concentrated in areas which were not mineral rich and were therefore removed from the main economic centres of the country. This was perpetuated by Apartheid legislation which restricted the movement of blacks. Economic development and growing labour demands brought blacks to the city as migrant labourers.¹⁰¹ Urbanisation not only exposed blacks to modern ideas, but integrated them into the mainstream economy, increased their income and the dependence of their families thereon. All of which increased the demand for life insurance amongst this market. The urban black middle class would become an increasingly important market for Sanlam towards the end of the twentieth century as Apartheid restrictions were removed and the black market became more integrated into the mainstream economy. A high percentage of coloureds and Indians were already urbanised and integrated into the mainstream economy which explains Sanlam's initial focus on these markets.

The idea that the African population did not experience any economic development or growth under apartheid is not correct. This can be seen by the rate of growth of disposable income amongst the African population between 1960 and 1980.

¹⁰¹ J. Natrass: *The South African economy: Its growth and change*, p.29.

Table 11: Disposable income of South Africa's race groups, 1960-1980

	1960	% growth 1960-70	1970	% growth 1970-80	1980	% growth 1960-80
Black	R1033	39%	R1439	32%	R1903	84%
Coloured	R2000	52%	R3033	30%	R3933	97%
Indian	R2171	69%	R3674	54%	R5655	160%
Total African	R5204	57%	R8146	41%	R11491	121%
White	R12114	42%	R17260	36%	R17878	48%

(H. Giliomee & B. Mbenga: *New history of South Africa*, p.344; J.L. Sadie: *The fall and rise of the Afrikaner in the South African economy*.)

Although the disposable income of whites was higher, it grew at a faster rate amongst Africans during this period. The disposable income of Africans more than doubled between 1960 and 1980 while that of whites grew by less than half and decreased between 1960 and 1970.¹⁰² The share of personal income of all politically subordinate groups rose between 1960 and 1980 while that of whites decreased from 74% to 65%.¹⁰³ The white share of national disposable income fell from 68% in 1970 to 55% in 1985.¹⁰⁴

This higher income amongst Africans may be attributed to a rise in African wages. Between 1959 and 1964 for example the average wages of African workers in secondary industries rose by 5.4% per year while that of white workers only increased by 3.7%.¹⁰⁵ Income redistribution was accompanied by occupational redistribution. Although whites held the majority of positions in professional and technical, managerial and administrative, clerical and sales vocations, the rate of growth of Africans filling these positions grew at a faster rate

¹⁰² H. Giliomee & B. Mbenga: *New history of South Africa*, p.344; J.L. Sadie: *The fall and rise of the Afrikaner in the South African economy*.

¹⁰³ J. Nattrass: *The South African economy: Its growth and change*, p.30.

¹⁰⁴ *Interland News*, 19 July 1990.

¹⁰⁵ H. Giliomee & B. Mbenga: *New history of South Africa*, p.344; J.L. Sadie: *The fall and rise of the Afrikaner in the South African economy*.

than that of whites in all categories except for managerial and administrative positions between 1969 and 1980.¹⁰⁶

As Africans became more integrated into the mainstream economy and their incomes rose so did their demand for life insurance and other financial services. This is reflected by surveys conducted during the first half of the 1990s. Of black respondents surveyed in 1990, 43% indicated intention to take out life insurance in the next two years compared to 36% of white respondents. Furthermore 7% of black respondents indicated that they planned to take out life insurance with Sanlam.¹⁰⁷ Nearly half of black and coloured respondents surveyed in 1994 indicated intention to take out life insurance in the next two years. Sanlam was the second most preferred company by this market after Old Mutual.¹⁰⁸ By the mid-1990s the African share of household income was more than 50%. The black share of household income stood at 42% which was very close to that of whites at 45.5% as an indication of this population group's integration into the mainstream economy.

Table 12: Aggregate household income by population group in 1995

	R billion	Share
Black	127.09	42.0%
Coloured	22.35	7.4%
Indian	15.40	5.1%
Total African	165.04	54.5%
White	137.33	45.5%
Total	302.37	100%

(Bureau of Census and Statistics: Official South African Census Reports and population statistics: 1996; C. Simkins: *What happened to the distribution of income in South Africa between 1995 and 2001?*)

¹⁰⁶ J. Nattrass: *The South African economy: Its growth and change*, pp.30-31.

¹⁰⁷ Market Research Africa: *The black market survey*, p.3.

¹⁰⁸ Carnelley Rangecroft Consultancy: *Advertising survey*, p.8.

African income continued to grow at a faster rate than white income during the 1990s.

Table 13: Growth in total income per race group, 1990-2000

	Percentage growth
Black	4.0%
Coloured	3.7%
Indian	4.4%
White	2.3%
Total	3.1%

(Bureau of Census and Statistics: Official South African Census Reports and population statistics: 2001).

The disposable income of black South Africans exceeded that of whites for the first time in 2001.¹⁰⁹ At that time there were approximately 21 million black adults in South Africa of which about 7.5 million worked.¹¹⁰ Sanlam recognised the black salarised market as an important one for life insurance and other financial services. “A concerted effort is being made to achieve greater penetration of the emerging black salarised market.”¹¹¹ “It was noted that Sanlam needs to capture more clients in the black market which over time would move into the middle market.”¹¹² Sanlam’s future growth would depend on its ability to penetrate this emerging black middle income market.¹¹³

5.4.2 Easing of restrictions on African lives from 1951

Since restrictions on certain African lives discouraged potential clients from taking out life insurance at Sanlam and other companies offered more liberal conditions, Sanlam began to ease some of its restrictions from the 1950s to facilitate its expansion into the African

¹⁰⁹ Sanlam: *Annual Report*, 2002, p.15.

¹¹⁰ *Sandaba*, 5 February 2001, p.2.

¹¹¹ Sanlam: *Annual Report*, 2000, p.9.

¹¹² Sanlam: *Board meeting minutes*, 29 May 2003.

¹¹³ *Sandaba*, April 2003, p.17.

market.¹¹⁴ Sanlam also had more accurate information on the risk associated with the African market at this time.

Sanlam began to insure the better class of Indians and coloureds under Whole Life policies from the 1950s.¹¹⁵ There was a demand for Whole Life insurance amongst this market.¹¹⁶ Indian and coloured lives were generally considered for Whole Life insurance in South Africa because their living conditions were comparable to that of whites.¹¹⁷ Other companies including Old Mutual, African Life, Southern Life, Norwich Union and Manufacturer's Life had already begun to insure Indians under Whole Life policies.¹¹⁸ Therefore to increase its market share and improve its competitiveness Sanlam began to do the same.¹¹⁹ Sanlam also began to allow disability benefits under certain conditions to Africans with a satisfactory living standard during this period.¹²⁰ The maximum amount for non-medical business for coloured and Indian lives was increased to £500.¹²¹

Sanlam began to insure certain African lives at ordinary rates without a race load from the 1950s.¹²² This applied to African lives that had a similar living standard as a good class of whites in terms of income, living conditions and health.¹²³ Other companies such as Old Mutual, Southern Life, African Life, Manufacturer's Life and Norwich Union offered lower rates on African lives and had begun to remove race loads on certain policies.¹²⁴ As Sanlam obtained more reliable information on the mortality experience of Africans it realised that its rates on African lives were too high compared to other companies.¹²⁵ Following a discussion

¹¹⁴ Sanlam: *Memorandum to the General Manager*, 3 July 1958; *Memorandum to the Board*, 15 June 1977.

¹¹⁵ Sanlam: Selected Board and Daily Management minutes from the 1950s.

¹¹⁶ Sanlam: *Memorandum to the Board with regards to loads on Indian lives*, 27 November 1951.

¹¹⁷ R. J. Miller: *Life assurance in South Africa*, pp.50-56.

¹¹⁸ Sanlam: *Memorandum to the Board with regards to Indian lives*, 27 November 1951; *Memorandum to the Board*, 8 November 1955.

¹¹⁹ Sanlam: *Memorandum to the General Manager*, 3 July 1958; *Memorandum to the Board*, 25 August 1958, 22 August 1959; *Daily Management meeting minutes*, 26 August 1959; *Board meeting minutes*, 21 January 1976, 22 August 1959.

¹²⁰ Sanlam: Memorandum to the General Manager, 3 July 1958; 25 August 1959; Daily Management meeting, 26 August 1959

¹²¹ Sanlam: Memorandum to the General Manager, 3 July 1958; 25 August 1959.

¹²² Sanlam: Selected Board and Daily Management meetings and memorandums from the 1950s.

¹²³ *Ibid.*

¹²⁴ Sanlam: Memorandum to the Board, 27 November 1951; 8 November 1955.

¹²⁵ Sanlam: Memorandum to the Board with regards to loads on Indian lives, 27 November 1951; 25 August 1959.

on this issue Sanlam's management decided to insure certain Indians lives at ordinary rates as they generally had a living standard similar to whites.¹²⁶

Applications for the removal of race loads on Indian lives occur on a regular basis in the records of the company during the 1950s.¹²⁷ One such application was received from a forty-five year old Indian male for Whole Life insurance to the value of £20 000. The applicant was a farmer and a partner in a business firm. His assets totaled £250 000. He presented with a favourable medical report. Based on his sound economic position and healthy lifestyle the Board decided to approve his application without a race load.¹²⁸

The approval of this life without a race load showed that Sanlam's decision to ease restrictions on African lives was based on business motives. African lives were usually associated with higher mortality rates, smaller policies and a higher rate of lapses therefore the careful selection of African lives was imperative. Only 28% of policies issued to African lives in 1957 had a race load as an indication of the easing of restrictions on African lives.¹²⁹

In 1958 Sanlam's management discussed the possibility of establishing special rates for coloured lives or insuring them at the same rates as whites as this market was identified as a market with a high standard of living and one with potential for growth in the future. A report on Sanlam's presence in the coloured market revealed that this market was opposed to loads imposed on the better class of coloureds especially those holding professional positions. Other companies like Old Mutual offered more favourable rates for coloured lives. Therefore if Sanlam wanted to achieve its goal of expanding further into the African market it had to adjust its rates on these lives accordingly.¹³⁰

Conditions on African lives were determined by factors such as educational level, income and occupation. Sanlam divided African policyholders into different categories according to these criteria. Individuals with a tertiary level of education, an above-average income and who held

¹²⁶ Sanlam: Memorandum to the Board, 27 November 1951.

¹²⁷ Sanlam: Selected memorandums to the Board, 1950s.

¹²⁸ Sanlam: Memorandum to the Board, 12 October 1954.

¹²⁹ Sanlam: Memorandum to Board. 17 June 1958.

¹³⁰ *Ibid*, 25 August 1958.

professional positions were not loaded. This demonstrated a business rather than a racial motive for the implementation or removal of loads. In 1976 for example Africans in “Category A” who had an annual income of R4000 or more or teachers with an annual income of R2400 or more and university graduates or ministers from recognised congregations were insured at the same rates as whites.¹³¹ This was later adjusted to an annual income of R5000 or more per annum or teachers earning R3000 or more per annum.¹³²

5.4.3 Products

African teachers continued to form an important market for group and pension schemes at the beginning of the 1950s. In 1959 for example Sanlam became the official insurer of the Teacher’s Education and Professional Association of Coloured Teachers in the Cape Peninsula.¹³³ This was another illustration of Sanlam’s presence and expansion into the coloured market. In general however Sanlam’s share of African group business declined in the 1950s and 1960s as positions in the civil service were mostly occupied by whites, particularly Afrikaners under apartheid. It would pick up again with the resurgence of the black trade unions in the 1970s and 80s and with the change in government in the 1990s.

Black trade unions were excluded from the industrial councils where bargaining for wages and better working conditions took place since 1924 under the Industrial Conciliation Act. These restrictions were entrenched under Apartheid. In 1953 blacks were barred from belonging to registered unions. By 1960 most black trade unions had been suppressed and those that still existed operated underground. The first independent trade unions were established in 1973 including the Metal and Allied Workers Union, the National Union of Textile Workers and the Chemical Workers Union. By 1975 there were five such unions and their membership stood at 11 000. Black trade unions were allowed to register and unions with black members were accepted into the formal bargaining system on recommendation of the Wiehahn Commission Report in 1979.¹³⁴

¹³¹ Sanlam: Board meeting minutes, 15 June 1976; 21 June 1976; 15 June 1977.

¹³² *Ibid.*

¹³³ Sanlam: Daily Management meeting minutes, 26 August 1959.

¹³⁴ H. Giliomee & B. Mbenga: *New history of South Africa*, pp.252, 320, 356.

The legalisation of black trade unions created an increased demand for group and pension schemes amongst the workers who belonged to these unions. The first trade union negotiated provident funds began in the early 1980s. Sanlam would become a major institutional player in the trade union market.¹³⁵ Sanlam's management recognised the potential of this market for group insurance. In 1994 approximately one third of the 10.2 million workers in South Africa belonged to trade unions. Registered union membership increased by 9% between 1994 and 1995. Total union membership reached 2.9 million in 1995 and accounted for about one-fifth of South Africa's economically active population.¹³⁶ By this time more Africans were unionised than whites especially as this section of the population had traditionally occupied low paying and unskilled jobs. In 1994 35.4% of blacks, 32.9% of Indians and 30.3% of coloureds were unionised compared to 22.7% of whites.¹³⁷

Trade union business was a major source of growth for Sanlam's group insurance business in the 1980s and 1990s.¹³⁸ In 1992 the 42% increase in premium growth for group benefits was attributed to a marked increase in the number of pension funds placing their investments with Sanlam and in particular those in which trade unions were involved.¹³⁹ Good relations and successful negotiations with the trade unions concerned played a major role in this regard.¹⁴⁰ Group benefits made up almost 40% of Sanlam's total premium income in 1992.¹⁴¹ This trend would continue through the 1990s and early 2000s as the public sector became increasingly represented by Africans.¹⁴² Sanlam's management recognised that the profile of the group insurance market was changing.¹⁴³ "The government changed its profile and we weren't ready for this. The rest of the market is changing and if we don't take action now we will come short".¹⁴⁴

¹³⁵ Sanlam: *Marketing Environment Report*, September 1997, p.145.

¹³⁶ *Ibid.*, p.146.

¹³⁷ *Ibid.*

¹³⁸ *Finweek*, 10-16 June 1993, p.36.

¹³⁹ *Sanlammer*, 13 November 1992, p.1.

¹⁴⁰ Sanlam: *Chairman's address*: 17 February 1993, p.5.

¹⁴¹ *Sanlammer*, 13 November 1992, p.1.

¹⁴² *Sandaba*, 5 August 2003, p.1; November 2003, p.2; Sanlam: *Annual Report*, 2004, p.121; Sanlam: *Marketing Environment Report*, September 1997, p.142.

¹⁴³ *Sandaba*: March 2000, p.5.

¹⁴⁴ *Ibid.*

In terms of individual insurance, Sanlam marketed funeral policies to the African market from the 1950s.¹⁴⁵ The black population in particular placed great value on funerals and hosted large, often elaborate ceremonies, which could be spread over a number of days. This involved many expenses including transporting relatives to and from rural areas. Sanlam introduced funeral policies for the black market, which made provision for these kinds of expenses.¹⁴⁶

By the early 1970s Africans were integrated into most life insurance and ancillary financial services as almost all of the restrictions on African lives had been removed. Life insurance, endowment and funeral policies remained the most popular types of products amongst this market as it traditionally included low income earners who placed a high value on provision for dependents after death.¹⁴⁷ Towards the end of the twentieth century Sanlam introduced a range of affordable, entry-level products to make its services available to a larger section of the African market in a similar way that industrial insurance had done nearly a century ago. This included the Halala Savings Plan and the Funeral Help Plan. The Halala Savings Plan was an investment policy for which the monthly premium was a minimum of R50. The policy term was flexible and could be determined by the policyholder.¹⁴⁸ The premium on the Funeral Help Plan was a minimum of R35 per month. Up to seventeen dependents could be insured under this plan, so it made provision for large and extended families. Upon death of the principal insured the policy paid out within forty-eight hours to cover the immediate expenses of dependents. The policy payout included a transport service which was especially important for black clients. It also included an agreement to waive the monthly premium upon death of the principal insured.¹⁴⁹

5.4.4 Marketing

To attract the African market Sanlam advertised in publications with African audiences such as *Bona*, *City Press*, *Drum Magazine*, *Pace*, *Tempo*, *Tribute*, *True Love*, the *Sowetan*, *Sales House Magazine* and *Kickoff*.¹⁵⁰ In 1956 for example the Board approved an amount of £225

¹⁴⁵ *Die Fakkkel*, 1 January 1951, p.11.

¹⁴⁶ Sanlam: Selected advertisements and brochures from the 1950s.

¹⁴⁷ Market Research Africa: *The black market survey*, 1990.

¹⁴⁸ Sanlam: Selected advertisements and brochures, 2001, 2003.

¹⁴⁹ *Ibid*, 1999, 2000.

¹⁵⁰ Sanlam: Selected advertisements and brochures, 1951-2004.

for advertisements in *Bona* – a new black publication, “with the aim of developing native business”.¹⁵¹ Sanlam also advertised on African television and radio programs including the educational program *Takalani Sesame* sponsored by Sanlam since 2000.¹⁵² Sanlam advertised on all nine of the African language radio stations.¹⁵³ Its advertisements appeared in African languages and featured Africans, which made its brand more accessible to this market.¹⁵⁴ This became increasingly important as the political and social context in South Africa changed. In 1992 for example the famous “baby ads” campaign featured a black baby for the first time.¹⁵⁵ In general advertisements aimed at the African market focused on provision, affordability, accessibility and building trust in the Sanlam brand.

Sanlam increased its visibility in the African market through its involvement in and support for African causes. This included donations made to educational institutions such as the university of Fort Hare, a traditionally black university.¹⁵⁶ In the 1970s Sanlam showed interest in participating in the establishment of a development bank in the Homelands although this was not followed through due to concerns about the feasibility of the project.¹⁵⁷ In the 1990s and early 2000s Sanlam became involved in soccer sponsorship as this was a sport with a large black following and it represented a means to attract the black market.¹⁵⁸ This included a sponsorship deal with the Santos Soccer Club.¹⁵⁹

5.4.5 Staff

5.4.5.1 Field staff

To expand into African market Sanlam adjusted the profile of its sales staff to be more representative and began to operate in areas with large African populations. In the 1950s Sanlam’s Board discussed the possibility of expanding its operations into Swaziland as the

¹⁵¹ Sanlam: Board Meeting minutes, 15 February 1956, p.25.

¹⁵² *Sandaba*, March 2000, p.3; August 2001, p.5.

¹⁵³ Sanlam: Selected media schedules, 1990s; *Sandaba*, April 2003, p.17.

¹⁵⁴ Sanlam: Selected advertisements, brochures and media schedules, 1951-2004.

¹⁵⁵ *Die Fakkkel*, 3 April 1992, p.1

¹⁵⁶ Sanlam: Memorandum to the Board, 9 November 1972.

¹⁵⁷ Sanlam: Daily Management meeting, 2 May 1973, p.137; Board meeting, 17 September 1975, p.59.

¹⁵⁸ *Die Fakkkel*, November 1997, p.13; Sanlam: Board meeting, 15 May 1994; 27 August 1997; *Sandaba*, December 2001, p.8.

¹⁵⁹ Sanlam: Annual Report, 2002, p.3, 43; *Sandaba*: April 2001, p.5; August 2001, p.5; March 2003, p.7, April 2003, p.17; Sanlam: Transformation Report, 2003, p.11.

branch manager of the Eastern Transvaal reported that Sanlam's agents were increasingly underwriting business there. Other life insurance companies had already penetrated this region, which included an African client base. Sanlam's agents required a license to operate there. In 1950 Sanlam's management approved sponsorship for licenses for two agents to operate in Swaziland.¹⁶⁰

During the same period Sanlam's management discussed the possibility of establishing a separate coloured organisation in the Cape Peninsula to facilitate its expansion into this market.¹⁶¹ There were however some concerns about the feasibility of this venture. firstly whether it would be profitable to insure coloureds at the same rates as whites. Secondly whether Sanlam would be granted permission to establish such an organisation under the Group Areas Act and thirdly whether the use of coloured agents only would be effective, as in African Homes Trust's experience coloured agents were unreliable and this market preferred to be insured by white agents.¹⁶² Sanlam obtained permission from the Department of Coloured Affairs to establish a separate coloured organisation in the Cape Peninsula. Sanlam's assistant agency manager DG du Plessis and its general manager AD Wassenaar met with prominent members of the coloured community, which included principals of various coloured schools in the Peninsula and the chairman of the Coloured People's Union to discuss the establishment of such an organisation.¹⁶³ These coloured representatives expressed support for this venture and two of them offered to act as agents for Sanlam. Although this meeting did not lead to the immediate establishment of a separate coloured organisation, it was an important event in developing relations between Sanlam and the coloured market and it laid the foundation for the establishment of such an organisation in 1971.¹⁶⁴

Sanlam continued to appoint coloured, black and Indian agents during the 1960s to canvass these markets.¹⁶⁵ One example was the appointment of D Dipoko in 1966.¹⁶⁶ He was a former

¹⁶⁰ Sanlam: Memorandum to the Board, 15 September 1950; 28 June 1950.

¹⁶¹ *Ibid.*, 3 July 1958; 25 August 1958; Daily Management meeting, 26 August 1959.

¹⁶² Sanlam: Memorandum to the Board, 3 July 1958.

¹⁶³ *Ibid.*

¹⁶⁴ *Ibid.*

¹⁶⁵ Sanlam: Selected Board and Daily Management meetings, 1960s.

¹⁶⁶ Sanlam: Board meeting, 5 May 1966; 26 August 1966.

teacher, clerk and presenter at a black radio station.¹⁶⁷ This example highlights the fact that Sanlam selected quality African agents who had some standing in their communities.

A separate coloured branch was established in the Western Cape in 1971.¹⁶⁸ Its staff was comprised entirely of coloureds.¹⁶⁹ This was the appropriate time for the establishment of such a branch as Sanlam had established itself in the coloured market and there were fewer restrictions on this market in terms of risk and freedom of movement.¹⁷⁰ A conference for coloured field staff was held at Sanlam's Head Office in 1972. At this conference Sanlam's general manager J van Wyk discussed further expansion of coloured business across the Peninsula including the establishment of branches in other areas such as Paarl and Worcester, each with their own branch managers.¹⁷¹ Smaller coloured branches were established in areas such as Huguenot, Boland, Mitchell's Plain, Grassy Park, Athlone and Kasselvlei.¹⁷² Sanlam also established separate branches in areas with large Indian and black populations including Durban, Pietermaritzburg, Umtata and Pietersburg.¹⁷³ These African branches were managed by Africans, which was a key aspect in increasing Sanlam's visibility in and penetration of the African market.¹⁷⁴ These separate African branches disappeared with the demise of Apartheid in the early 1990s. By the end of the 1990s Africans made up nearly one-fifth of Sanlam's sales force.¹⁷⁵ This rose to one-third by 2003.¹⁷⁶

¹⁶⁷ Sanlam: Board meeting, 18 January 1967.

¹⁶⁸ *Die Fakkkel*, 14 May 1971, p.2; Sanlam: Board meeting, 16 February 1972.

¹⁶⁹ *Ibid*; 3 January 1975, p.2.

¹⁷⁰ Sanlam: Board meeting, 16 February 1972; Sanlam: Marketing Report, 16 February 1972; *Die Fakkkel*, 3 January 1975, p.2; 24 January 1975, p.3; 17 October 1980, p.3.

¹⁷¹ *Die Fakkkel*, 29 September 1972, p.3.

¹⁷² *Ibid*, 5 June 1981, p.2; 24 February 1984, p.3; 8 March 1985, p.6.

¹⁷³ Sanlam: Board meeting, 15 July 1983; 13 July 1989; *Die Fakkkel*, 4 February 1984; 6 June 1985, p.3.

¹⁷⁴ Sanlam: Selected Board and Daily Management meetings, 1970-1990; *Die Fakkkel*, 1970-1990.

¹⁷⁵ *Sandaba*, July 2001, p.1.

¹⁷⁶ *Ibid*.

5.4.5.2 Office staff

In terms of office staff Sanlam initially only employed Africans in unskilled and non-clerical positions.¹⁷⁷ In 1954 for example Africans were employed in the following positions at Sanlam's Head Office:

- 11 Fire room staff
- 6 Messengers
- 9 Tea ladies
- 19 Cleaners
- 5 Cafeteria workers
- 30 ground staff¹⁷⁸

This was characteristic of the time given the restrictions imposed on Africans under Apartheid. African labour was cheaper. Whites were reluctant to fill more menial positions and there was an adequate supply of white labour to fill clerical positions.¹⁷⁹

As Sanlam expanded into the African market it became more important to appoint Africans in clerical and administrative positions. This coincided with the changing social and political climate in the country. From the 1970s there was a rise in the number of Africans especially coloureds employed in clerical and administrative positions by Sanlam.¹⁸⁰ Sanlam's head office was located in Bellville in the Western Cape, which had a large coloured population. There were fewer restrictions on coloureds and this tended to be a well-educated section of the population. By the early 1980s African clerical staff made up about 4.5% of Sanlam's total work force.¹⁸¹

Conditions for African workers also gradually improved over time. This was also important for raising Sanlam's image in the African market. Wages increased in response to the market wage, minimum subsistence wage, consumer price index and government and societal

¹⁷⁷ Sanlam: Selected Board and Daily management meetings, 1950-1960; *Die Fakkkel*, 1950-1960.

¹⁷⁸ Memorandum to the Board with regards to employment of non-white staff, 15 November 1954.

¹⁷⁹ *Ibid.*

¹⁸⁰ *Ibid.*

¹⁸¹ Sanlam: Board meeting, 13 March 1981; 28 July 1981; 10 June 1983; Sanlam: Report by the Personnel and Office Services Sector on personnel movements, 1982.

pressure. African workers were also incorporated into Sanlam's pension and medical aid schemes.¹⁸² In the 1970s Sanlam started a housing scheme for coloured office staff and a literacy program for unskilled black staff.¹⁸³ Another way in which Sanlam uplifted and developed its African staff was through training.¹⁸⁴ Separate amenities for African workers were removed in the 1980s.¹⁸⁵

There was a noticeable growth in the number of African office staff at Sanlam from the late 1960s. This may be attributed to internal factors such as Sanlam's targeting of the African market and external factors such as employment equity requirements in the 1990s. The number of Africans in clerical and non-clerical positions doubled from just 540 in 1967 to just over 1000 in 1973.¹⁸⁶ In 1992 Africans made up one quarter of Sanlam's total staff and in 1995 one third of its office staff.¹⁸⁷ This was maintained to 2004 when just over 30% of Sanlam's office staff was African.¹⁸⁸

5.4.5.3 Board and senior management

Sanlam began to discuss the inclusion of black, coloured and Indian representatives on its Board in the 1990s as part of its efforts to reposition itself in these markets. The first African Board member, Peter Swartz was appointed in 1994.¹⁸⁹ He hailed from the coloured community as Sanlam already had a foothold in this market.¹⁹⁰ In 1997 Sanlam's Board had three African representatives: Dawn Mokhobo, Ahmed Bawa, Peter Swartz.¹⁹¹ By 2004 one third of Sanlam's Board was made up of Africans including Patrice Motsepe, Manana Bakane, Vusi Khanyile, Valli Moosa and Rejoice Simelane.¹⁹² Patrice Motsepe who was the chairman of Ubuntu-Botho Investments was also appointed as the deputy chairman of

¹⁸² Sanlam: Selected Board meeting minutes and memorandums from the 1970s; Memorandum to the Board. 20 June 1973; 15 August 1973; 5 December 1980; Board meeting. 20 June 1979. p.2.

¹⁸³ Sanlam: Memorandum to Board, 15 August 1973; Board meeting, 21 August 1974; *Die Fakkkel*. 23 August 1974. p.1; 12 December 1975. p.2.

¹⁸⁴ *Die Fakkkel*, 1 June 1979; 12 October 1979; 17 October 1980; 24 July 1981, p.3.

¹⁸⁵ Sanlam: Memorandum to Board, 5 December 1980; Memorandum to Board. 9 June 1981, p.3; Sanlam. Board meeting. 12 June 1981; 13 November 1981. p.3.

¹⁸⁶ Sanlam: Memorandum to Board, 20 June 1973.

¹⁸⁷ *Financial Mail*, 10-16 June 1993, p.28; *Die Fakkkel*, 1 September 1995, p.3.

¹⁸⁸ Sanlam: Annual Report, 2004, p.101

¹⁸⁹ Sanlam: Chairman's address. 1994. pp.4, 6; *Sanlammer*. 16 September 1994, p.3.

¹⁹⁰ Sanlam: Board meeting, 20 October 1993, p.127.

¹⁹¹ *Sanlam Annual Report*. 1997. p.8; *Blueprint/Bloudruk*. April 1997. p.3.

¹⁹² *Sandaba*. May 2004. p.3; *Sanlam Annual Report*. 2004, pp.19, 22-23, 96.

Sanlam.¹⁹³ In terms of other senior officials in 2004 10% of Sanlam's senior management was African. This included 15.9% in top management, 17.3% in middle management and 23.4% in junior management and supervisory positions.¹⁹⁴

5.4.6 Ownership

Another way in which Sanlam improved its standing in the African market was by increasing Africans' share in the company and in the economy at large in a similar way that it had done with the Afrikaners in the early twentieth century. This was in accordance with both the internal vision of the company and legal requirements as South Africa became a democratic society. Sanlam's subsidiaries African Homes Trust and Metlife amalgamated in 1978 to form Metropolitan Homes Trust. This became Metropolitan Life, a life insurance company with a large African client base, in 1985.¹⁹⁵ In 1993 Sanlam sold its 10% shareholding in Metropolitan Life to Methold (Metlife Investment Holdings) – a black holding company, which led to the establishment of NAIL (New Africa Investments Limited) – the first black owned company to list on the JSE.¹⁹⁶ Thereby Sanlam contributed towards increasing Africans' share in the economy.

In 2004 Sanlam concluded a deal with Ubuntu-Botho which gave this broad-based economic empowerment consortium a 10% share in Sanlam as well as Board representation and full voting rights.¹⁹⁷ This transaction also improved Sanlam's BEE credentials and gave the company access to new markets.¹⁹⁸ African ownership in Sanlam was also increased through individual shares. With demutualisation and listing on the JSE in 1998 free shares were awarded to an estimated 678 000 Africans or 32% of individual shareholders.¹⁹⁹ On 19 December 2003 187 681 or 28% of Sanlam's individual shareholders were African.²⁰⁰ This made up 3.2% of the total shareholding in Sanlam.²⁰¹ African institutional shareholders

¹⁹³ Sanlam: Annual Report, 2004, p.19.

¹⁹⁴ *Ibid.*, p.101.

¹⁹⁵ *Die Fakkkel*, 7 July 1978, p.1; Sanlam: Memorandum with regards the amalgamation of African Homes Trust with Metlife, 9 November 1978.

¹⁹⁶ Sanlam: Chairman's address, 1994, p.9; Sanlam: Transformation Report, 2003, p.16.

¹⁹⁷ *Sandaba*, May 2004, p.3; August 2004, p.3.

¹⁹⁸ Sanlam: Annual Report, 2003, pp.16, 25; *Sandaba*, August 2004, p.3.

¹⁹⁹ Sanlam: Annual Report, 2004, p.94.

²⁰⁰ Sanlam: Transformation Report 2003, p.32.

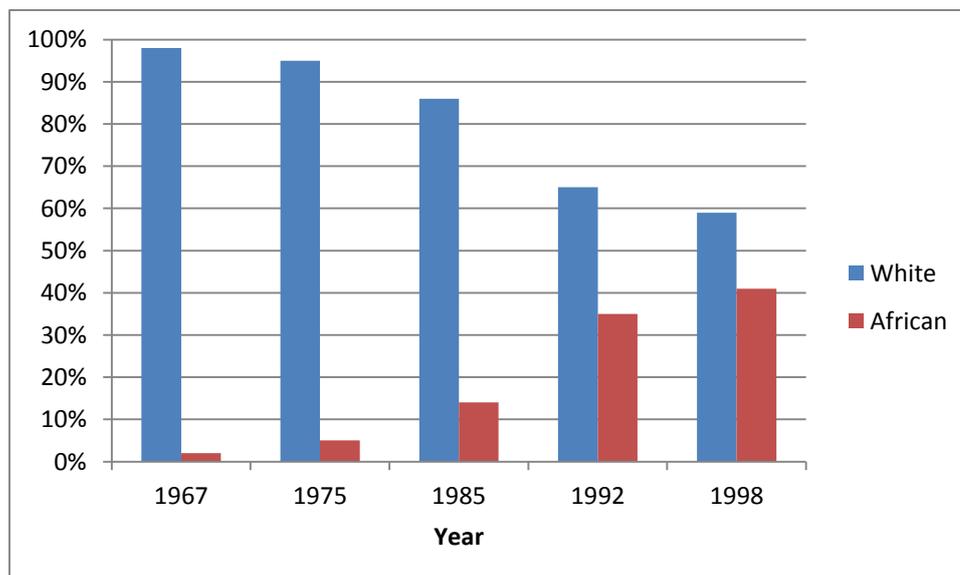
²⁰¹ *Ibid.*

including pension funds made up 16.8% of the total shareholding in Sanlam.²⁰² Therefore the total African ownership in Sanlam stood at 20%.²⁰³

5.4.7 Market share

Although they accounted for less than half a percent of Sanlam's total client base in 1959, there was a noticeable increase in the number of African clients during the second half of Sanlam's history.²⁰⁴ This may be attributed to the identification of this group as a market with potential for growth in the future, the easing of restrictions on African lives and the more aggressive targeting of this market. This strategy was influenced by the policy of other life insurers and the political, social and economic changes taking place in the country during this time.

Figure 7: The racial profile of Sanlam's client base, 1967-1998



(Sanlam: Memorandum to Board, 17 April 1968; 18 April 1972; 9 June 1977; 15 June 1977; *Finance Week*, 10-16 June 1993, p. 28; Interland News.)

²⁰² *Ibid.*

²⁰³ *Ibid.*

²⁰⁴ Sanlam: Memorandum to the Board, 25 August 1959.

The number of African policyholders increased from one in sixty in 1967 to one in twenty in 1975 and one in seven in 1985.²⁰⁵ The increase in African business in the 1970s and 1980s may be attributed to the African market's affinity for group insurance and the rise of African trade unions during this period. In 1978 45% of pension fund members underwritten by Sanlam were Africans.²⁰⁶ The increase may also be attributed to the identification of niche markets in specific areas. In 1980 for example 35% of Sanlam's business underwritten in the Western Cape was coloured, 42% of its business in Durban was Indian and 11% of its business in East London was black.²⁰⁷ By 1992 one third of Sanlam's clients were African and by 1998 this figure nearly stood at half of all its clients.²⁰⁸

The rise in African business in the 1990s may be attributed to increased visibility and an improvement in Sanlam's image amongst this market as well as a growing demand for life insurance. A survey conducted in 1994 found that Sanlam was the second most recognised life insurance company by the African market after Old Mutual. It was the most recognised company by the coloured and Indian markets with 50% of coloureds and 45% of Indian respondents spontaneously recalling Sanlam when asked which life insurance companies they had seen or heard advertised recently. Nearly half of blacks and coloureds surveyed indicated intention to take out life insurance in the next two years. Sanlam was the second most preferred company for taking out life insurance in the future after Old Mutual.²⁰⁹ A survey conducted in 2000 found that all race groups regarded Sanlam as one of the top brands in the industry and as a truly South African company for everyone irrespective of race, gender and language.²¹⁰ African clients represented 44% of recurring policies in 2003.²¹¹

²⁰⁵ Sanlam: Memorandum to Board, 17 April 1968; 18 April 1972; 9 June 1977; 15 June 1977; *Finance Week*, 10-16 June 1993, p. 28.

²⁰⁶ *Die Fakkkel*, 15 December 1978, p.1.

²⁰⁷ Sanlam: Marketing Report, 10 December 1980.

²⁰⁸ *Finance Week*, 10-16 June 1993, p. 28; Interland News.

²⁰⁹ Sanlam: Marketing report, March 1995; Survey conducted by Carnelley Rangecroft Consultancy in November 1994.

²¹⁰ *Blueprint*, October 2000, p.10.

²¹¹ Sanlam: *Transformation Report 2003*, p.34.

5.5 Conclusion

Sanlam included Africans in its target market and client base from its inception in 1918. Even after Sanlam's Industrial Department was transferred to African Homes Trust in 1921 Sanlam continued to target and attract this market although on a very small scale. Sanlam began to expand into the African market during the second half of its history as it became increasingly aware of the value and potential of this untapped market. It did this by easing restrictions on African lives, offering products to meet their needs, raising its visibility and standing in this market and increasing African ownership in the company. This closely mirrored Sanlam's earlier initiatives to include and empower the Afrikaner market, all of which took place within the social, political and industry confines of the time. By 2004 nearly half of Sanlam's client base was African, which demonstrated that in terms of the racial profile of its client base Sanlam was succeeding in carrying out its vision of operating as a truly South African company.

CHAPTER 6: PROTECTION THROUGHOUT LIFE: THE LIFE CYCLE AND GENDER PROFILE OF SANLAM'S CLIENT BASE, 1918-2004

6.1 Introduction

Traditionally the market for life insurance was breadwinners. Individuals with dependents to support. Industrialisation created dependence on income earned outside of the home and the need for a means to protect against the loss of this income through death, disability or old age. This also meant that the market for life insurance was traditionally male as industrialisation had not only brought about changes in the nature of economic activity, but also in family structures, division of labour and gender roles.¹ Men were the most economically active section of the population at this time. This chapter explores to what extent Sanlam conformed to or deviated from this traditional market for life insurance and therefore also to what extent women were included in its target market and client base.

Over the last half a century, life insurance companies have expanded into financial services providers. Along with changes in social and cultural norms, this led to a diversification of the products offered by long term insurers to meet the needs of individuals at various stages of the life cycle including women. This chapter explores to what extent this diversification took place in Sanlam and what impact it had on Sanlam's identity as an inclusive South African company.

6.2 Sanlam and the breadwinner market

6.2.1 Products

The most basic products and benefits offered by Sanlam especially during the first half of its history suggest that the company conformed to the trend of serving the breadwinner market. These products made provision for the replacement of the breadwinner's income in the event of his premature death, disability or retirement. However there were also instances where

¹ S.A. Murphy: *Security in an uncertain world: Life insurance and the emergence of modern America.*

Sanlam deviated from this trend, adapted its products, served other markets and this illustrated its status as an inclusive South African company.

6.2.1.1 Life insurance on children

Although in the case of Sanlam, there were examples of life insurance policies taken out on the lives of children, children were not usually a market for life insurance. Children were generally not economically active and did not have dependents to support. Therefore no provision needed to be made against loss of income in the event of the premature death of a child unless the child contributed financially to the household. The law required individuals to be at least eighteen years of age to take out a life insurance policy, but parents had the option to take out life insurance on their children's lives to provide cover in event of their children's deaths.² This was a controversial issue as there were cases in insurance history where children were murdered so that parents could claim the life insurance on their children's lives. Therefore to prevent this the South African law stated that no life insurance claims on the lives of children would be paid out if the death of a child occurred before the age of fourteen years. Claims would only be paid out if death occurred between the ages of fourteen and twenty-one years.³ The purpose of life cover on children's lives was mostly to cover funeral or medical expenses associated with a child's death. It was also relevant in cases where children fulfilled some economic role for example on farms or in family businesses. This may have been the case with Sanlam's large farming client base early on its history, which explains the occurrence of policies on the lives of children.

Life cover on a child could be obtained by taking out a Whole Life policy on the life of a child which would pay out at death of the child as long as it occurred after the age of fourteen years. This could also be achieved through an Endowment policy which paid out if death occurred before the end of a selected term or a Convertible Term policy which paid out if death occurred within a selected term depending on the age of the child at death. Examples of such policies taken out on the lives of children were identified in the policy registers of

² *Die Fakkel*, 7 April 1936, p.14.

³ Sanlam: *Board meeting minutes*, 20 September 1972, p.60.

Sanlam.⁴ There were also examples of Joint policies taken out on the lives of children and parents. The Family policy which provided life cover for each member of the family would pay out to the surviving parents at the child's death provided that death occurred between the ages of fourteen and twenty-one years. Children's Heritage and Children's Deferred policies were educational policies which did not provide life cover, but if the child died before the end of the policy period, the premiums plus compound interest would be refunded and the policy would be terminated.⁵ This could be used to cover the funeral of the child.

Policy figures suggest that life insurance on children made up a very small portion of Sanlam's business. This is not surprising given the low demand for protection against the loss of these lives just described. In 1918 life insurance on the lives of children accounted for only 8% of Sanlam's business.⁶ In 1955 the figure was even lower at 3% as the country modernised and the economic role of children became increasingly insignificant and socially unacceptable.⁷ The amount spent on life insurance on children was also small.

Table 14: Percentage policies according to assured amount and age, 1955

	£0-500	£501-1000	£1001- 2000	£2001- 3000	£3000- 5000	£5000 or more
0-18 years	5.9%	2.7%	0.5%	0.3%	0.6%	-

(Sanlam: Memorandum to the Board regarding new business, 1955.)

The table shows that policies on the lives of children were mostly for £500 or less. This once again shows that there was not a great demand for life cover on children or a need to make financial provision against their loss. If cover was necessary for funeral or other expenses it was not very large or could be covered by other products.

⁴ Sanlam: Policy registers 1 and 3.

⁵ Sanlam: Selected advertisements, brochures and rate books, 1918-2004.

⁶ Sanlam: Policy register 1.

⁷ Sanlam: Memorandum to the Board regarding new business, 1955.

6.2.1.2 Life insurance on women

As was the case with children, husbands could take out life insurance on their wives to protect themselves and their children financially in the event of the death of their spouses. This applied to cases where the wife earned some income outside the home or expenses would be incurred to replace the duties she fulfilled in the home. This type of insurance therefore recognised the contribution of women to the household regardless of whether they earned an income or not and the need to protect that contribution. It could also be used to cover funeral and medical expenses associated with the death of a spouse. Women as policyholders and a market for life insurance, taking out policies on their own lives to protect their dependents will be discussed further on in the chapter.

Life cover on wives could be obtained by taking out Whole Life, Endowment or Term policies which paid out at death of the spouse or through Joint policies which covered both spouses and paid out at the first death. The disadvantage of a Joint policy was that life cover ended at the first death and the policy was terminated.⁸ This meant that if the wife died first there would be no cover on the husband's life and children would be left unprotected. Therefore this type of insurance was better suited to young married couples without children or retired couples with grown children. Joint policies by married couples were popular and examples of these policies occur regularly in the policy registers of the company.⁹ Between 1918 and 1923 one fifth of policies underwritten by Sanlam were Joint policies.¹⁰ Joint policies continued to be popular throughout Sanlam's history. In the 1980s and 1990s it was marketed as the One Policy for Two.¹¹ The Family policy in contrast paid out at death of the wife and mother, but cover on the surviving family members did not cease which meant that children were protected against the loss of their father and vice versa.

⁸ Sanlam: Selected advertisements and brochures, 1918-1975; M.S. Dorfman: *Introduction to insurance*, p.256.

⁹ Sanlam: Policy registers 1 and 3.

¹⁰ *Ibid.*

¹¹ Sanlam: Selected advertisements and brochures, 1980s and 1990s.

6.2.1.3 Life insurance on the breadwinner

The previous sections looked at cases where life insurance was taken out on the lives of women and children. This was however the exception rather than the norm early on in Sanlam's history. The main focus of life insurance was the primary breadwinner who was traditionally male, while women and children were usually the beneficiaries of life insurance.

The provision of life insurance had an important role to play in Sanlam achieving its economic empowerment goals. It provided a "means by which one generation provides for the next,"¹² thereby breaking the cycle of poverty. On a broader scale premium income represented a means of saving, which could be invested back into the economy to promote the development of local commerce and industry thereby creating jobs and promoting economic upliftment of amongst others Afrikaners.¹³

"Part of the solution to the poor white problem was the establishment of Afrikaner private sector financial institutions such as Sanlam, the long-term (life) insurer, and Santam, the short term (property and casualty or general) insurer. These were formed by Afrikaners driven by the determination to improve the economic standing of their population and account for the existence today of what are regarded as Afrikaner institutions. The purpose of these institutions was to encourage Afrikaners to save and to channel these savings into productive assets thereby giving Afrikaners a stake in the private sector economy. Part of the Afrikaner strategy was thus to create powerful financial companies which would invest in industrial and commercial entities and provide jobs for Afrikaners."¹⁴

There were three main threats to the breadwinner's income: early death, disability and retirement. Sanlam provided protection against all three eventualities as well as specific provision for children's education. The main function of life insurance was financial protection in the event of the death of the breadwinner. A Sanlam policy enabled the insured

¹² Sanlam: *Chairman's address*, 9 December 1931, p.5.

¹³ *Ibid*, 23 December 1919; 22 December 1920.

¹⁴ R. Vivian: *South African insurance markets*, pp.680-681.

“to adequately provide for his family or other dependents in case of his death.”¹⁵ This could be achieved through a lump sum or the payment of a regular income to dependents at death.

The most basic product offered by Sanlam was the Whole Life policy. It paid out a lump sum to dependents at death of the insured regardless of when death occurred or how long the policy had been in force.¹⁶ The cover on a Whole Life policy was comprehensive. It offered protection throughout the life of the insured.¹⁷ Cover was as comprehensive during the early childrearing years when the need for protection was the greatest as it was during empty nest stage when children were grown and the need for life cover was not as great.¹⁸

The disadvantage of this policy was that premiums were payable throughout the life of the insured even though the necessity for life cover decreased over time. To counter this Sanlam’s Whole Life policy had a limited premiums option whereby the payment of premiums were limited to a selected period for example during the early childrearing years when the need for life cover was great. This would free up income during the empty nest years which could be used towards retirement.¹⁹ This shows that Sanlam’s policies were adaptable to changing circumstances and not only geared towards meeting the needs of the breadwinner market. The disadvantage of the Whole Life policy with limited premiums was that compressing premiums into a shorter period made the policy more expensive at a stage when children were young and expenses were high.²⁰ It was therefore not the best option for breadwinners with young children.

The Family policy included Whole Life insurance on the primary breadwinner while cover on the wife and children was term insurance which only paid out if death occurred within a specified period. The largest amount of cover was on the primary breadwinner and the policy would pay out regardless of when his death occurred. This re-emphasized the perception that

¹⁵ Sanlam: Chairman’s address, 23 December 1919; 22 December 1920.

¹⁶ *Die Fakkkel*: 15 September 1933, p.2; 15 February 1934, pp.7, 10.

¹⁷ Sanlam: Selected brochures, advertisements and rate books, 1918-1975.

¹⁸ *Ibid.*

¹⁹ M.S. Dorfman: *Introduction to insurance*, p.245; *Die Fakkkel*, 15 March 1935, p.24; Sanlam: Selected advertisements and brochure.

²⁰ F.G. Crane: *Insurance principles and practices*, p.229.

the need to protect the economic contribution of the breadwinner was paramount. The advantage of the Family policy was that cover on the wife and children continued after the primary breadwinner died and the policy was paid up saving the spouse the expense of continued premiums. If the wife died children would be financially protected and vice versa.²¹

Between 1918 and 1923 not less than a quarter of Sanlam's business comprised of Whole Life policies.²² It was the most popular product sold by Sanlam in 1918 and 1920.²³ This is an indication of Sanlam's presence in the breadwinner market for whom these policies were designed. Whole Life insurance continued to be sold throughout Sanlam's history and formed the basis of the services provided by the Group.

Another popular product offered by Sanlam was the Endowment policy. This policy paid out a lump sum at the end of a selected term or when the insured reached a certain age. Although the main focus of Endowment insurance was saving it also included a life cover component. "Endowment insurance (was) savings protected by life insurance."²⁴ If the insured died before the end of the selected term a lump sum would be paid out to his beneficiaries. The disadvantage of this type insurance was that life cover ended when the policy term was reached and the insured may no longer be able to acquire life insurance easily because of the risk of age. Having to provide savings and life cover protection made the policy more expensive. Therefore it was not the most suitable option for breadwinners with young children whose main concern was income protection and not savings.²⁵

Double Benefit insurance which combined the benefits of Whole Life and Endowment insurance was a better option for breadwinners. It included a life cover component which paid out at death and a savings component which paid out at the end of a selected term

²¹ *Ibid*; Sanlam: Selected advertisements and brochures, 1918-1960

²² Sanlam: Policy registers 1 and 3.

²³ *Ibid*.

²⁴ F.G. Crane: *Insurance principles and practices*, p.227.

²⁵ Sanlam: Selected advertisements and brochures, 1918-1960.

provided the insured was alive.²⁶ Therefore it provided life cover during the childrearing years and savings for the retirement years. This was another example of the flexibility of Sanlam's products and adaptability to the changing circumstances of its clients.

A more affordable option than Endowment and Double Benefit insurance was Term insurance which paid out if death occurred within a specific period. The disadvantage of Term insurance was that cover was temporary and not comprehensive.²⁷ This type of insurance was suitable for breadwinners at a stage of the lifecycle when children were still young and the maximum life cover was required, but income was limited and the insured may not be able to afford the premiums on an ordinary Whole Life policy. The breadwinner could arrange to take out this affordable temporary life cover during the period when the need for life cover was the greatest, but income was limited. It was not suitable when the need for life cover was more ongoing or if savings were required for a later stage in the lifecycle.

To counter the temporary nature of Term policies, Convertible Term policies gave policy holders the option to continue the Term insurance policy as a Whole life or Endowment policy after the policy expired without proof of insurability. Therefore if the insured required additional life cover after the Term insurance expired for example to make provision for his spouse after children have grown, he would be able to acquire this without proof of insurability.²⁸

Decreasing Term insurance countered the fact that the need for life insurance decreased over time as children grew up. With a Decreasing Term insurance policy cover decreased over time as the need for life insurance became less important. It decreased in value year by year over a specific number of years at the end of which life cover ceased altogether. This policy provided the largest amount of cover during the childrearing years when the need for life insurance was the greatest and diminished over time as children grew up. This in turn would free up cash for retirement. Decreasing Term insurance could also be used to pay off a

²⁶ *Ibid*, 1918-1938.

²⁷ *Ibid*, 1918-1960.

²⁸ *Ibid*.

diminishing liability such as a loan. As the debt decreased so the policy dropped in value providing at all times an amount sufficient to cover the existing liability. It could therefore safeguard dependents against being burdened with debt repayments.²⁹ This shows that Sanlam catered for a range of financial needs from early on in its history and not purely traditional life insurance. Yet collectively Whole Life, Endowment and Term policies made up two-thirds of Sanlam's business during the first five years of its operations indicating that Sanlam's core market from its inception was traditional life insurance and savings.³⁰ It would remain a core market throughout Sanlam's history.

Although traditional life insurance products continued to be marketed throughout Sanlam's history their packaging changed from the 1960s as Sanlam began to transform into a financial services provider and as the investment market became increasingly important. Life cover was added to packages which addressed various income protection and savings needs. A few examples include the Multi Plus series, the Plus series, the One Policy series, Superior Multi Plan, Retirement Annuity portfolios, the Master Cover Plan, the Prestige Bonus Plan, the MultiPayout Plan, Capital Builder, Wealth Booster, Bonanza Bonus Plan, the Stratus series, Matrix Risk Cover, the Nexus series and the Four in One Plan.³¹

The life cover component on these products was usually flexible as was the case with the One Policy introduced in 1985. The One Policy was a universal Whole Life policy which gave the client freedom in choosing the initial life cover, disability and savings component. This was assisted by Finplan – a computerised financial planning program which assessed the financial needs of clients. The amount of life cover and the size of premiums on the One Policy could be adjusted according to the changing circumstances of the insured.³²

²⁹ *Ibid.*

³⁰ Sanlam: Policy registers 1 and 3.

³¹ Sanlam: Selected advertisements, brochures and rate book, 1961-2004.

³² Sanlam: Selected advertisements, brochures and rate books, 1985.

The One Policy proved to be a very popular product. In its first year the One Life policy accounted for 40% of Sanlam's new business.³³ In August 1990 the One Policy series accounted for more than 50% of new business underwritten by Sanlam.³⁴ In 1992 more than two million policies from the One policy series had been sold and they accounted for 75% of individual premium income.³⁵

Apart from lump sum payments Sanlam also introduced products and benefits early on in its history to provide for the payment of a regular income to dependents in the event of the premature death of the insured. This could be used to fund the daily upkeep of dependents rather than a lump sum that could be easily squandered.

The first of these policies, the Ideal policy was introduced in 1922. It was one of the first policies of its kind in South Africa.³⁶ Sanlam was a late comer to the life insurance market, therefore it had to be innovative to be able to compete with its rivals. Sanlam's actuary MS Louw who trained abroad was instrumental in the introduction and development of such innovative products.³⁷ The Ideal policy was "especially designed to meet the requirements of the married man."³⁸ It paid out a regular income to dependents at death which could be used to cover their daily expenses. This regular income made up 10% of the total assured amount. The assured amount paid out at the end of a selected term which could be used towards children's education or some other purpose.³⁹

The Family Income policy was a variation on the Ideal policy introduced in the 1930s. It was essentially a Whole Life policy with family benefits. The Whole Life component was the assured amount which was payable at death of the insured, but if death occurred before the end of a selected term the family benefits component would come into effect and the payment of the assured amount would be deferred until the end of the selected term. Family benefits

³³ Sanlam: Chairman's address, 19 March 1986.

³⁴ *Die Fakkkel*, 24 August 1990, p.1.

³⁵ *Die Fakkkel*, 3 April 1992, p.1; Sanlam: Chairman's address, 19 February 1992.

³⁶ Sanlam: Selected advertisements and brochures, 1922.

³⁷ Sanlam: Biographies, M.S. Louw, 1918-1938.

³⁸ Sanlam: Chairman's address, 10 December 1924.

³⁹ Sanlam: Selected advertisements and brochures, 1922-1938.

was the payment of a regular monthly income to dependents.⁴⁰ It therefore made provision for a period when children were young and daily expenses were high. It also made provision for the payment of a lump sum at a later stage which could be used to fund children's education or the retirement of his spouse. The Family Income policy was therefore adaptable to "the rise and fall of the responsibilities of the married man."⁴¹

The Income Protection policy was another variation which was essentially an Endowment policy with family benefits. The assured amount was payable at the end of a selected term, which was the policy anniversary preceeding the 55th or 60th birthday of the insured. If the insured died before the end of this term a monthly income would be paid to his beneficiaries and the payment of the assured amount would be deferred to the end of policy term.⁴² Again this policy made provision for income replacement during the childrearing years and savings in the form of a lump sum for when they were grown.

The Family Protection policy combined Whole Life and Endowment insurance with Family benefits. The assured amount was payable at death, but if death occurred before the end of a selected term, a regular monthly income would be paid to dependents and payment of the assured amount would be deferred to the end of the selected period.⁴³

This benefit continued after 1960 as death income benefits. It was added to policies of R1000 or more. For example if death income benefits were added to a Whole Life policy, a monthly income would be paid to beneficiaries as well as the assured amount. Therefore the daily expenses of dependents would be covered as well as a lump sum for savings or to cover any major expense.⁴⁴

⁴⁰ *Die Fakkkel*, 7 July 1936, p.8; 7 October 1936, p.8; Sanlam: Selected rate books, 1936, pp.79, 81.

⁴¹ *Ibid*, 1932-1934.

⁴² *Die Fakkkel*, 7 January 1939, p.1; Sanlam: Selected rate books, 1931, p.95; 1936, p.61.

⁴³ Sanlam: Selected rate books, 1936, pp.70, 73.

⁴⁴ *Ibid*, 1961, 1967, 1976, 1977

Another benefit offered by Sanlam was non-forfeiture privileges. This provided assistance if for some reason the insured was temporarily unable to pay premiums. As long as the policy was not less than three years old it would be kept in force temporarily or it would be converted into a paid up policy.⁴⁵ This ensured that life cover continued and dependents were still protected even if the breadwinner had a setback. Sanlam's policies not only made provision for replacement of income, but also made funds available to cover other expenses associated with death such as funerals, the costs of wrapping up an estate and other immediate expenses.

The Probate policy was introduced in 1922. It provided for the payment of the estate duty and other expenses associated with wrapping up an estate at death of the breadwinner.⁴⁶ The Death Duties Act (1922) required a duty to be paid in cash on the estate of every person who died when resident in South Africa or who owned property in the Republic before heirs could obtain legal possession of the estate. This Act was amended in 1967. Wealth in a large estate was often tied up in property and other assets that could not be easily or quickly transformed into cash to meet the immediate needs of dependents. The Estate Duty could also end up comprising an appreciable portion of the net value of an estate if such funds were not available. The Probate policy provided protection against loss of the value of an estate.⁴⁷ This policy was marketed right into the 1950s and was also known as the Estate Policy.

The same function was fulfilled by the Immediate Cash policy introduced in the 1950s. It paid out an immediate cash amount at death to cover the expenses associated with wrapping up an estate.⁴⁸ The same could be achieved with a Whole Life policy if it paid out immediately after the death of the insured.

⁴⁵ Sanlam: Chairman's address, 21 December 1921, *Die Fakkkel*, 15 August 1933, p.5; *Die Fakkkel*, 15 November 1935, p.13, Sanlam: Selected rate books, 1918-2004.

⁴⁶ Sanlam: Chairman's address, 28 December 1923.

⁴⁷ *Ibid*, Sanlam: Selected advertisements, brochures and rate books, 1918-1934.

⁴⁸ Sanlam: Selected rate books, 1958.

From the 1950s Sanlam introduced funeral policies.⁴⁹ Funeral benefits were also added to other policies.⁵⁰ Estate planning was integrated into broader financial services from the 1980s.⁵¹ Under Sanlam Personal Finance, Sanlam Trust handled the management of wills, testaments, estates and trusts.⁵² Later these services were integrated into Sanlam Life.⁵³

Sanlam also marketed products which made provision for replacement of income in the event of the disability, accident or illness of the breadwinner. Disability benefits were first introduced in 1922 as a standard benefit on Sanlam policies.⁵⁴ Sanlam was the first life insurance company in South Africa to introduce such liberal disability benefits.⁵⁵ In the event of the insured becoming totally or permanently disabled before the age of 60, premiums would cease and the assured amount would be paid out immediately by ten annual installments.⁵⁶ Therefore dependents were protected against loss of income and the burden of premium payments. In 1928 disability benefits were introduced which paid out a monthly income to the insured in the event of disability.⁵⁷

In 1929 Sanlam introduced another policy related benefit: interest free loans on operations which assisted policyholders with the payment of medical expenses. This benefit was added to policies of £1000 or more that had been in force for at least thirteen months. The amount of cover allocated was £75.⁵⁸ This was a precursor to the development of medical insurance by Sanlam.

⁴⁹ Sanlam: Selected advertisements and brochures, 1950-2004

⁵⁰ *Ibid.*

⁵¹ *Ibid.*, 1980-2004.

⁵² *Ibid.*, 1999; Sanlam: Annual Report, 1998, p.20.

⁵³ *Sandaba*, June 2004, pp.8-9.

⁵⁴ At this time married women, Africans and individuals with hazardous professions did not qualify for disability benefits.

⁵⁵ *Die Fakkkel*, 15 April 1934, p.3.

⁵⁶ Sanlam: Selected advertisements, brochures and rate books, 1918-1959. Disability benefits would not be paid out if the disability was the result of war, unrest, self injury, intoxication or participation in a dangerous sport, hobby or occupation. Nor would it be paid out if the disability did not result in a loss of income i.e. the insured did not follow an occupation for remuneration or profit.

⁵⁷ Sanlam: Biographies, 1918-1938.

⁵⁸ Sanlam: Selected advertisements, brochures and rate books, 1929-1959, *Die Fakkkel*, 15 April 1934, p.3; 15 June 1934, p.13

Sanlam would become a pioneer in the provision of medical insurance in the 1950s. It identified the need for comprehensive medical insurance in South Africa including protection against loss of income as a result of an accident.⁵⁹ South Africa had no such comprehensive public or private medical insurance provision.⁶⁰ The matter of the provision of such comprehensive medical insurance was first discussed by Sanlam's Board in 1956.⁶¹ The Board proposed the establishment of a national sickness and accident company.⁶² The establishment of this company was approved in principle by Sanlam's Board on 21 November 1956 and its statutes and Memorandums of Association approved a month later.⁶³ The proposed company would be a subsidiary of Sanlam. Medical insurance subsidiaries were popular amongst life insurance companies abroad, but the trend had not yet taken off in South Africa.⁶⁴ In 1958 Sanlam arranged to have the business of the National Medical Aid Society transferred to its subsidiary.⁶⁵ In 1959 Sanlam obtained legal permission to carry out sickness and accident insurance.⁶⁶ In the same year Sansom (the South African National Sickness and Accident Insurance Company) began doing business. It provided comprehensive sickness and accident insurance to individuals and on a group basis for employees of firms.⁶⁷ Sanlam "took the lead in South Africa in making medical insurance and other kinds of sickness insurance available to associations and groups on a nationwide basis and under the control of a strong financial institution thus meeting a vital need."⁶⁸

Accident benefits were added to Sanlam policies, which made provision for the payment of an additional amount equal to the insured amount if the insured died as a result of an accident.⁶⁹ A variation on this was Earning Ability Insurance which made provision for the payment of a monthly income if the insured was unable to pursue his usual occupation due to

⁵⁹ Sanlam: *Chairman's address*, 20 August 1958, p.5.

⁶⁰ *Die Fakkkel*, July 1957, p.6.

⁶¹ Sanlam: Daily Management meeting minutes, 13 June 1956, p.101.

⁶² Sanlam: Memorandum to the Board, 12 November 1956.

⁶³ Sanlam: Board meeting minutes, 21 November 1956, p.195; Daily Management meeting minutes, 12 December 1956, p.2.

⁶⁴ *Die Fakkkel*, July 1957, p.6.

⁶⁵ Sanlam: *Chairman's address*, 20 August 1958, p.5.

⁶⁶ Sanlam: Board meeting minutes, 15 April 1959, p.93.

⁶⁷ *Die Fakkkel*, July 1957, p.6; Sanlam: *Chairman's address*, 20 August 1958, p.5.

⁶⁸ Sanlam: *Chairman's address*, 18 February 1959, p.6.

⁶⁹ Sanlam: Daily Management meeting minutes, 7 September 1960, p.160; Selected rate books, 1959-1985. Only applied if the insured died within 90 days of the accident and if the insured was younger than 60. Disabled individuals or those who followed hazardous professions did not qualify for accident benefits.

accident or illness.⁷⁰ Similarly the Income Protector protected the insured against loss of income due to disability.⁷¹ Another benefit, Trauma insurance was introduced in the mid-1980s. Sanlam was one of the first major life insurance companies in South Africa to offer this benefit.⁷² It provided cover against loss of income due to a traumatic condition such as a heart attack, stroke, cancer, kidney disease or paralysis. A cash amount of up to R150 000 was paid upon diagnosis, which could also be used to cover medical expenses or other expenses resulting from the diagnosis.⁷³ As Sanlam transformed into a financial services provider accident, disability and trauma benefits were added to other policies and included in packages which addressed a number of financial needs. These benefits would later be integrated into Sanlam Personal Finance and Sanlam Life as part of risk management.

In terms of medical insurance interest free loans on operations continued to be added as a benefit after 1960 on policies of R2000 or more.⁷⁴ A new medical insurance subsidiary Sanmed was established in 1966.⁷⁵ It introduced a basic medical aid scheme for clients.⁷⁶

The Hospital policy was introduced in the early 1990s. It was a policy which made provision against rising medical costs. It provided cover against major hospital and surgery expenses. Benefits included a daily hospital benefit, a recovery benefit, a double benefit for ICU and an optional surgery benefit.⁷⁷

Another pioneering medical insurance product was introduced by Sanlam in the early 1990s: The One Medical Plan. It formed part of the One Policy series. It was the first product in South Africa to offer comprehensive medical cover by integrating medical insurance with a medical aid scheme.⁷⁸ It covered everyday medical expenses as well as major medical

⁷⁰ Sanlam: Selected advertisements, brochures and rate books, 1969-1981.

⁷¹ *Ibid*, 1982-1997.

⁷² *Die Fakkkel*, 5 September 1986, p.1.

⁷³ *Ibid*; Sanlam: Selected advertisements and brochures, 1986-2004.

⁷⁴ Sanlam: Selected rate books, 1961, 1976.

⁷⁵ Sanlam: *Chairman's address*, 16 March 1966.

⁷⁶ *Die Fakkkel*, 2 June 1972, p.1.

⁷⁷ *Die Fakkkel*, 30 May 1991, p.1; Sanlam: *Chairman's address*, 1992, p.5; Selected advertisements, brochures and rate books, 1991-1994.

⁷⁸ Sanlam: *Chairman's address*, 1994, p.10; *Die Fakkkel*, 8 November 1994:1.

expenses such as hospitalisation and surgery. Other benefits included cover for sports injuries and emergency transport.⁷⁹

With restructuring in the late 1990s Sanlam and Sanmed's medical insurance business was integrated under Sanlam Healthcare. This entity was responsible for underwriting and administrating medical aid schemes. It included five medical aid schemes with 125 000 members.⁸⁰ The discussion of these products shows that Sanlam's products not only made provision for the replacement of the breadwinner's income in the event of death, disability, accident or serious illness, but also made provision for the medical needs of dependents.

Another need addressed by Sanlam's products was loss of income due to retirement, but this will be discussed in the section which deals with the empty nest stage of the lifecycle as well as the next chapter which deals with the socio-economic profile of Sanlam's client base.

Apart from the replacement of the breadwinner's income, Sanlam's products also made provision for children's tertiary education or some other goal when they reached adulthood. This was another way in which Sanlam pursued its economic empowerment goal. It ensured that the next generation would have some financial or educational backing and be prepared to enter the work force.

Children's Heritage and Children's Deferred policies were sold by Sanlam since its inception in 1918. These policies were taken out on the lives of children by their parents. They paid out a lump sum at the end of a selected term or when the child reached a certain age for example 15,18, 21 or 25, which could be used to fund further education or some other goal. The Children's Deferred policy had the option to continue the policy after the end of the selected term was reached.⁸¹ Both policies were protected against death of the policyholder who was the breadwinner. In the event of the policyholder dying before the end of the selected term,

⁷⁹ Sanlam: Selected advertisements and brochures, 1992-1994; *Die Fakkkel*, 5 March 1993, p.1; 30 September 1994, p.1.

⁸⁰ Sanlam: *Annual Report*, 1997, .2, 21; 1998, 2, 4.

⁸¹ Sanlam: Selected advertisements, brochures and rate books, 1918-1987.

premiums ceased and the policy continued.⁸² Children's Heritage and Children's Deferred policies made up one third of Sanlam's policies between 1918 and 1923.⁸³ This was maintained to 1955 when these policies made up 13% of Sanlam's new business.⁸⁴

One of the reasons that children's policies made up a small portion of Sanlam's business was that provision for children's education could also be made with other policies for example the endowment policy. The endowment policy paid out a lump sum at the end of a selected term which could be used to fund children's education. There are examples of endowment policies taken out on children's lives in the policy registers of Sanlam.⁸⁵ Apart from the payment of a regular income at death of the insured, the Ideal, Family Income, Income Protection and Family Income policies all had a savings component which could be used to fund children's education.⁸⁶ A lump sum for children's education could also be secured by taking out a Whole Life policy with limited premiums or surrendering a Whole Life policy for its cash value, although this was a riskier option as it would also mean the end of life cover.⁸⁷ Whole Life policies on the lives of children were identified in Sanlam's policy registers.⁸⁸ As Sanlam transformed into a financial services provider various savings and investment products were introduced which could be used for the same purpose. Educational benefits were added to other policies.⁸⁹ Traditional children's policies continued to be marketed throughout Sanlam's history for example as the Educational policy in the 1960s, the One Policy for your Child in the 1980s and 1990s and EduFocus in the 1990s and early 2000s.⁹⁰

6.2.2 Canvassing the breadwinner market.

In order to attract the breadwinner market, Sanlam projected a family orientated image. This was firstly achieved by advertising in various family publications and newspapers. Examples include *Die Burger*, *Die Huisgenoot* (later *You Magazine*), *Die Brandwag*, *Cape Times*, *Die*

⁸² *Die Fakkkel*, 15 April 1935, p.8; 15 May 1935, pp.5-6; 15 October 1935, p.2; 7 October 1938, p.3.

⁸³ Sanlam: Policy registers 1 and 3.

⁸⁴ Sanlam: Memorandum to the Board, 1955.

⁸⁵ Sanlam: Policy registers 1 and 3.

⁸⁶ Sanlam: Selected advertisements, 1918-1986.

⁸⁷ M.S. Dorfman: *Introduction to insurance*, pp.252-253.

⁸⁸ Sanlam: Policy registers 1 and 3.

⁸⁹ Sanlam: Selected advertisements, 1961-2004.

⁹⁰ *Ibid.*

*Volkstem, Ons Vaderland, Die Transvaler, the Daily News, the Cape Argus, the Evening Post, the Chronicle, Die Volksblad, Volkshandel, Dagbreek, the Sunday Times, Beeld, Reader's Digest, Communika, Daily Dispatch, The Star, City Press, the Herald Times, De Kat, Insig, the Citizen, Mail & Gaurdian, the Sunday Independent, Rapport, the Sowetan, Finansies en Tegniek and the Rand Daily Mail.*⁹¹ Sanlam's advertisements often featured images of families and children.⁹²

Sanlam also advertised on radio from the 1950s and on television from the late 1970s.⁹³ These were more intimate media with which to attract the the breadwinner market. A survey conducted in 1962 indicated that there were 1 million whites in South Africa between the ages of 25 and 49 years of which over a third listened to radio.⁹⁴ It was therefore an important medium for reaching the breadwinner market, which tradionally belonged to this age group.

In the 1970s Sanlam launched a print advertising campaign featuring famous families including South African golfer Gary Player and his family.⁹⁵ Another famous advertising campaign was the "baby ads" launched in the late 1980s. It was a television campaign featuring babies role playing Sanlam's various products.⁹⁶ Sanlam became synonymous with these advertisements in the late 1980s and early 1990s.

Another way in which Sanlam maintained its family orientated image was through its presence at and sponsorship of community and school events.⁹⁷ Internally the Sanlam "family" was a close knit one with several staff members living in company accommodation. The company regularly held social and sports events for its staff.⁹⁸

⁹¹ Sanlam: Selected advertisements and brochures, 1918-2004.

⁹² *Ibid.*

⁹³ *Die Fakkkel*, 13 January 1978:1.

⁹⁴ Sanlam: Media report, 1964. Note that only figures on the white population was supplied and this was Sanlam's main market at the time as discussed in Chapter 5.

⁹⁵ *Volkshandel*, January 1971, p.20; March 1971, p.8; July 1971, p.25; September 1971, p.17, July 1972, p.63; *Die Fakkkel*, 17 November 1978, p.1.

⁹⁶ Sanlam: Selected advertisements and marketing reports, 1978-1993.

⁹⁷ Sanlam: Selected advertisements and brochures, 1918-2004.

⁹⁸ *Die Fakkkel*, 1932-1995.

Sanlam furthermore appealed to the breadwinner market through the use of travelling agents. These agents would visit clients and prospective clients in their homes.⁹⁹ It was a personal approach to business, which helped to develop trust in the company. In a sense these agents became part of the family. In the 1970s Sanlam launched a series of advertisements which introduced its agents to the public. These advertisements were accompanied by slogans such as “The man from Sanlam is a friend” and “These men can do a lot for you and your family”.¹⁰⁰

Trust was an important aspect of canvassing the breadwinner market as the company would be entrusted with their savings and the protection of their dependents. Sanlam developed trust in the company by highlighting aspects of its performance and progress. Sanlam published its financial results annually.¹⁰¹ One aspect highlighted by Sanlam early on was its progress despite the economic depression of the early 1920s and 30s.

At the time of the depression in the early 1920s Sanlam was in the strongest position that it had been in since its inception.¹⁰² It managed to maintain a compound interest of 2% despite these trying economic times. The same was the case with the depression in the 1930s.¹⁰³ Sanlam advertised its financial results in 1932 as “progress despite depression.”¹⁰⁴ During the depression of the early 1930s Sanlam compared favourably with its more experienced counterparts. While the total premium income of South African life insurance companies dropped by 1% during this time, Sanlam’s rose by 19%.¹⁰⁵ Between 1930 and 1935 the premium income of South African life insurance companies increased by 17.7% while that of Sanlam increased by 69.5%.¹⁰⁶ This highlighted that Sanlam was a stable company and a safe investment for breadwinners. Sanlam’s performance during the Second World War conveyed

⁹⁹ Sanlam: Selected advertisements, brochures and chairman’s addresses, 1918-2004.

¹⁰⁰ Sanlam: Selected advertisements, 1971-1974.

¹⁰¹ Sanlam: Annual reports, 1919-2004.

¹⁰² Sanlam: *Chairman’s address*, 28 December 1923.

¹⁰³ *Die Fakkkel*, 7 November 1938, p.51; Sanlam: Selected chairman’s addresses, 1921-1932.

¹⁰⁴ *Cape Times*, 10 December 1932.

¹⁰⁵ *Die Fakkkel*, 15 October 1935, pp.6-7.

¹⁰⁶ Sanlam: *Chairman’s address*, 1937.

a similar message. Sanlam also continued to issue a bonus during this time despite difficult economic conditions.¹⁰⁷

“For Life Assurance wartime brings more uncertainty and more risk than for most other branches of commerce and industry. For one thing, death claim payments soar because of the additional mortality caused directly or indirectly by war. Then again the increased cost of living means an increase in administration expenses. Furthermore, during the war years we have to contend with lower rates of interest on investment. We therefore have reason to be gratified on looking back upon those uncertain years to note how well Sanlam has been able to surmount such difficulties and even make solid progress in spite of them.”¹⁰⁸

During the economic turnaround of the 1960s Sanlam experienced rapid growth. In 1969 its premium income reached R100 million for the first time. In 1972 it had the highest premium income of life insurance companies in South Africa.¹⁰⁹ These milestones were highlighted in Sanlam’s promotional material.

The late 1970s however was a period characterised by high oil prices, inflation and slower economic growth.¹¹⁰ Much of Sanlam’s promotional material during this period focused on measures to curb inflation and high taxes.¹¹¹

Another aspect of Sanlam’s performance highlighted in its promotional material was the size of its assets and investments including buildings. Sanlam often announced and showcased the acquisition of new buildings in its promotional material which was a symbol of achievement.¹¹² By 1995 Sanlam’s assets had grown to R100 billion.¹¹³

¹⁰⁷ *Ibid.*, 1943, p.3.

¹⁰⁸ *Ibid.*, 1945, p.2.

¹⁰⁹ Sanlam: Selected advertisements, 1969 and 1972.

¹¹⁰ *Die Fakkkel*, 1976; 1979; Sanlam: *Chairman’s addresses*, 1977, p.1; 1979, p.1.

¹¹¹ Sanlam: Selected advertisements and brochures, 1970s and 80s.

¹¹² *Ibid.*, 1918-2004.

Another strategy adopted by Sanlam to canvas the breadwinner market was the element of fear. These types of advertisements painted scenarios in which some calamity or disaster prevented the breadwinner from taking care of his family. For example an advertisement for life cover in 1981 posed the question “If you died now where would that leave your family?”¹¹⁴ Sanlam offered a solution in the form of a policy which would provide protection for dependents. Sanlam would in a sense replace the role of the breadwinner if such an event were to occur. This is illustrated by slogans such as “Your shield in need”, “Sanlam means protection for you and your family” and “Sanlam reaches out to a young family.”¹¹⁵

One such event highlighted by Sanlam was the Spanish flu epidemic. This epidemic claimed 147 000 lives during Sanlam’s founding year in 1918.¹¹⁶ Sanlam was the only life insurance company in South Africa that paid out its death claims in full during the epidemic.¹¹⁷ This was remarkable considering that Sanlam only began doing business in this year in a well-established life insurance market. It showed that Sanlam was established on a sound footing and that its policyholders could rest assured that the company could handle any calamity. Other disasters already referred to were the economic depressions of the early 1920s and 30s. These events highlighted the importance of making financial provision in case of hard times.

“The depression had made people realise more plainly than ever before how vitally necessary and indispensable life assurance is. Whilst bank credits are being curtailed and trust companies and building societies are being obliged to limit the granting of loans and even temporarily to suspend them altogether, and whilst gilt-edged securities have diminished in value, life assurance has retained its 100 percent value. To many it has proved to be the one and only refuge in times of need. The fact that even in these critical times life assurance has proved its value and safety in no uncertain manner has undoubtedly contributed largely to its enhanced popularity.”¹¹⁸

¹¹³ Ibid, 1995.

¹¹⁴ Sanlam: Brochure for Sanlam Life Plan, 1981.

¹¹⁵ Sanlam: Advertisements, 1955; 1968; 1986.

¹¹⁶ *Die Burger*, 10 June 1918.

¹¹⁷ *Die Fakkkel*, 15 July 1935, p.14.

¹¹⁸ Sanlam: *Chairman’s address*, 1932.

Another threat that received much attention from the 1950s was road accidents. Sanlam launched a series of advertisements at this time which promoted road safety.¹¹⁹ One of the reasons for this campaign was that road accidents accounted for a large percentage of Sanlam's death claims.¹²⁰ In 1958 road accidents claimed 1246 lives in the Union and resulted in 16 804 serious injuries.¹²¹ This was a threat to a company which managed the risks of death, disability and accidents. Road safety advertisements took the form of print advertisements as well as educational films.¹²² This campaign was paralleled by another campaign which promoted general health and well-being.¹²³

Although the traditional market for life insurance was men, women were usually the beneficiaries thereof. Therefore in the late 1930s Sanlam launched a series of advertisements directed at women, more specifically housewives highlighting the importance of life insurance to them.¹²⁴ Again the fear aspect was used as a motivating factor. Statistics showed that in 1938 only 18 out of 100 widows were able to live off the income left to them. 42% were forced to seek employment. Only 2 out of 100 were left with large estates, 15 out of 100 were left with estates to the value of £2000-£10 000 and 82 out of a hundred widows were left with nothing.¹²⁵ The goal of these advertisements was to raise awareness about the importance of life insurance to women so that they would in turn encourage their husbands to make this provision.

Although fear was a major aspect of Sanlam's advertisements directed at breadwinners, there were also those that focused on life insurance and advancement. This was captured by slogans such as "Your future assured", "A chance for your child", "Step into the future with assurance" and "Sanlam assuring your tomorrow".¹²⁶

¹¹⁹ Sanlam: Selected advertisements and brochures, 1950-1985.

¹²⁰ Sanlam: *Chairman's address*, 1957, p.2; 1961; 1963.

¹²¹ *Die Fakkkel*, January 1958, p.8.

¹²² *Ibid*, June 1960, pp.8-9.

¹²³ Sanlam: Selected advertisements and brochures, 1955-1985.

¹²⁴ *Die Fakkkel*, 7 August 1938; p.7 September 1938, p.8.

¹²⁵ *Ibid* 7 May 1938, pp.7-8.

¹²⁶ Sanlam: Selected advertisements and brochures, 1918-2004.

6.2.3 Importance of the breadwinner market

The breadwinner market was a core market throughout Sanlam's history. This has already been suggested through the statistics on the number of Whole Life insurance policies and related products underwritten by Sanlam. A large percentage of Sanlam's client base belonged to the age groups traditionally associated with marriage and raising a family, roughly ages 24 to 53 when the need for life cover was great. This confirms Sanlam's presence in the breadwinner market. Over two-thirds (77%) of Sanlam's clients belonged to this age in 1918 and this was maintained to 1955 with 70% of clients belonging to this age group.¹²⁷

Table 15: Percentage of policyholders per age group

	1918	1955
24-33	46%	39%
34-43	24%	22%
44-53	7%	9%

(Sanlam: Policy register 1; Memorandum to the Board, 1955.)

This age group also spent more on life insurance than any other age group, therefore emphasizing the importance of this market. Clients in the age groups 24 to 53 more frequently spent £1000 or more on life insurance than any other of the age groups combined.¹²⁸

¹²⁷ Sanlam: Policy register 1; Memorandum to the Board, 1955.

¹²⁸ Sanlam: *Memorandum to the Board*, 1955.

Table 16: Amount spent on life insurance per age group, 1955

	£0-500	£501-1000	£1001- 2000	£2001- 3000	£3001- 5000	£5000+
0-18	5.9	2.7	0.5	0.3	0.6	-
19-23	37.3	26.7	7.4	3.9	3	1.1
24-28	19.5	25.8	24.6	16.1	11	8.8
29-33	12.4	16.6	27.1	22.5	19.7	15.7
34-38	8.5	11.8	18.4	21.5	21.6	18.9
39-43	7.2	8.4	11.4	16.9	18.5	24.6
44-48	4.8	5.1	6.6	10.9	12	16.1
49-53	2.3	2.3	2.8	5.8	9.4	8.8
54-58	0.8	0.8	0.9	1.7	3.4	4.8
59-63	0.3	0.3	0.3	0.6	0.5	1.2
64-68	0	0	0	0.1	0.3	0

(Sanlam: Memorandum to the Board, 1955).

This made sense as the necessity for life insurance cover was the greatest amongst these age groups. The table shows that the breadwinner market was a profitable one. This explains why Sanlam placed so much emphasis on targeting and servicing this market and why it remained a core market throughout Sanlam's history.

In 1962 policyholders aged 25 to 49 years made up just over half (54%) of Sanlam's client base and in 1969 just under two-thirds (64%).¹²⁹ This compared favourably with Old Mutual with 66% of policyholders aged between 25 and 49 in 1969. In 1980 clients aged 25 years or older made up 84% of Sanlam's new business. On average they spent R115 per head on life insurance.¹³⁰ In 1987 around 45% of the white adult population of South Africa owned one or more policies, illustrating the potential of this market. Sanlam's share of this market was 34% once again showing its penetration of the breadwinner market.¹³¹ One possible explanation for Sanlam's strong and continual presence in the breadwinner market was that "a strong culture of contractual savings existed in South Africa"¹³² especially in the absence of such provision by the state.

6.3 The young adult market

6.3.1 Profile

The young adult market comprised of individuals aged roughly 18 to 24 years. It included students, graduates and individuals starting a career. It could also include young married couples. Young adults were not a market for traditional life insurance as they did not usually have dependents to support, but they could become a market for such insurance in the future.¹³³ This market was more interested in the savings component of life insurance. This was also the stage of the lifecycle that many individuals take out investment and retirement plans.

What made this market attractive was that it was young and therefore posed a lower risk to the company. It also had greater access to disposable income as this market did not usually have dependents to support. There were approximately 500 000 whites aged between 16 and 24 years in South Africa in 1967.¹³⁴ Only 17.5% of them were married and 430 000 were urban dwellers which was an indication of their access to disposable income. Collectively this

¹²⁹ Sanlam: *Marketing report*, 1964; 1970.

¹³⁰ *Ibid*, 1981.

¹³¹ Sanlam: *Report of the white English market*, 1987.

¹³² R.W. Vivian: *South African insurance markets*, p.682.

¹³³ *Die Fakkell*, 15 July 1934, p.10; 15 December 1934, p.12; 15 March 1935, p.24; 7 April 1936, p.3.

¹³⁴ *Ibid*. May 1967, p.1. Note that only statistics on the white population were available.

group earned R1 million a day and the urban dwellers R330 million per day. They showed an awareness of the importance of saving. 64% of the urban youth had investments at building societies, banks and post office banks; yet only 17% has some form of insurance. This showed their potential as a market for life insurance and related products.¹³⁵

6.3.2 Products

As already alluded to young adults were not a market for Whole Life policies unless they had dependents or took it out for future dependents. Such a policy could be used to cover funeral and other expenses should the insured unexpectedly die. A Whole Life policy could also be used as security on a student loan or other loan. A Whole Life policy with limited premiums would suit a young married couple who just wanted to obtain cover for the dependency years and free up cash for a later stage.¹³⁶

The Endowment policy in contrast was a popular policy amongst this market. It suited young adults whose main concern was income accumulation rather than income protection. “It suited consumers that wanted to emphasize the forced savings aspect of the life insurance and not the protection aspect.”¹³⁷ The Endowment policy paid out a lump sum at the end of a selected term which could be used towards some goal whether it be purchasing a vehicle, a home, an overseas trip, starting a business or even towards retirement, while the life insurance component only paid out if the insured died before the end of the selected term which was less likely in the case of a young life.¹³⁸ To take full advantage of this Sanlam devised Double Endowment policies which paid out double the insured amount if the insured survived the policy term. In other words the endowment and the life cover component paid out if the insured survived the policy term.¹³⁹ This was an example of how Sanlam adjusted its products to benefit individuals at various stages of the lifecycle and not just the breadwinner market.

¹³⁵ *Ibid.*

¹³⁶ Sanlam: Selected rate books, 1918-2004.

¹³⁷ M.S. Dorfman: *Introduction to insurance*, p.253.

¹³⁸ *Die Fakkell*, 1932-1934.

¹³⁹ Sanlam: Rate books, 1941, 1945, 1949.

A similar product to the endowment policy was introduced in the 1950s. The Savings policy paid out the insured amount at the end of a selected term provided the insured was alive. If the insured died before the end of the selected term premiums plus interest would be refunded and at least one third of the sum assured would be paid out to the insured's beneficiaries.¹⁴⁰ Clearly the focus of this policy was on savings and not life cover protection as the full insured amount was not paid out at death. This also made it a more affordable policy than a normal endowment policy. However the policy did have the option to continue insurance after the policy expired if the insured's circumstances changed and additional cover was required.¹⁴¹

The Children's Deferred policy gave individuals the option to continue the policy as a Whole Life or Endowment policy according to their needs when they reached a certain age for example age 18 or 21.¹⁴² Joint Whole Life or Endowment policies was a good option for young married couples as it offered cover against the loss of either spouse at which point the policy ceased. The Joint Endowment policy had the additional savings component if both spouses survived the policy term.¹⁴³ Young adults were also a market for disability and accident cover especially to protect the income of those who were already working.¹⁴⁴

As income accumulation was important to young adults, they formed a market for Sanlam's various investment products that became increasingly popular during the second half of its history.¹⁴⁵ One example was the Renaissance plan marketed in the 1990s which provided life, disability, accident, medical and retirement cover for graduate professionals.¹⁴⁶ Matrix Risk cover provided customised risk cover for students including life cover disability cover, dread disease cover and accident cover.¹⁴⁷ This was also a stage of the life cycle that many individuals took out retirement and pension plans.¹⁴⁸

¹⁴⁰ *Ibid*, 1955-2004.

¹⁴¹ *Ibid*.

¹⁴² *Ibid*, 1918-2004.

¹⁴³ *Ibid*.

¹⁴⁴ *Ibid*.

¹⁴⁵ *Ibid*, 1955-2004.

¹⁴⁶ Sanlam: Renaissance Plan brochure, 1996.

¹⁴⁷ Sanlam: Matrix Risk cover brochure, 2002.

¹⁴⁸ Sanlam: Selected advertisements, brochures and rate book, 1950-2004.

Some products were introduced to specifically meet the needs of the young adult market. The Launching Plan was introduced in 1979. It was marketed as “a first time life insurance policy for students and young adults”.¹⁴⁹ The amount of life cover and investment on the policy was adjusted over time as the policyholder moved through various stages of the life cycle and his or her financial needs changed.

Another special product was the One Policy for Students introduced in 1988. This policy provided affordable basic life and disability cover for students. The monthly premium was as little as R125 per month which could be subtracted from a student loan. Once the policyholder graduated he or she had the option to extend cover.¹⁵⁰ Similarly the New Trend policy introduced in 1989 was an affordable first life insurance policy for “enterprising young people”.¹⁵¹ The monthly premium on this policy was a minimum of R39. It provided basic life, disability and accident cover that could also be extended at a later stage as the need arose. The introduction of these special products was indicative of Sanlam’s efforts to meet the needs of individuals at various stages of the life cycle and not just the breadwinner market.

6.3.3 Canvassing of the young adult market

Sanlam already began to establish its presence in this market in childhood as it identified these children as future policyholders. This explains why Sanlam advertised in school annuals, event programs, calendars and timetables and sponsored youth events.¹⁵² Sanlam also advertised in youth publications such as *Kinderblad*, *Kindervriend*, *Die Skoolblad*, *Die Kristelike Skoolblad* and *Jongspan*.¹⁵³ Sanlam also advertised in a number of college and university publications across the country. Another way in which it marketed itself to students was through the allocation of bursaries.¹⁵⁴ Radio and television was another media through which the youth could be reached. In 1962 a survey found that there were 458 000

¹⁴⁹ Sanlam: Launching Plan advertisement, 1979, 1980.

¹⁵⁰ Sanlam: The One Policy for Students brochure, 1988.

¹⁵¹ Sanlam: New Trend Policy brochure, 1989

¹⁵² Sanlam: Selected advertisements, 1918-2004.

¹⁵³ *Die Fakkkel*, 8 February 1928, p.251; 7 November 1938, p.51; 7 December 1938, p.19.

¹⁵⁴ Sanlam: Advertisements and marketing reports, 1918-2004.

whites between the ages of 16 and 24 years in South Africa of which about a quarter (23%) were regular radio listeners.¹⁵⁵

6.3.4 The importance of the young adult market

As already discussed young adults were not an important market for traditional life insurance. In 1918 they only made up about one-sixth (15%) of Sanlam's total client base.¹⁵⁶ By 1955 this had increased somewhat to one quarter (26%).¹⁵⁷

Table 17: Percentage of clients per age group, 1918 and 1955.

	1918	1955
19-23 years of age	15%	26%

(Sanlam: Policy register 1; Memorandum to the Board, 1955).

This market also did not spend large amounts on life insurance (see table 15). Nearly two-thirds (64%) of clients between the ages of 19 and 23 spent less than £1000 on life insurance. Over a third spent less than £500.¹⁵⁸

By 1962 clients between the ages of 20 and 24 made up 44% of Sanlam's new business.¹⁵⁹ This was an indication that the young adult market was becoming increasingly important as Sanlam began to transform into a financial services provider. In 1969 clients between the ages of 18 and 24 years made up one fifth (19%) of Sanlam's client base. Sanlam's share of the young adult market compared favourably with that of Old Mutual with one-sixth (15%) of

¹⁵⁵ Sanlam: Marketing report, 1964. Note that only data on the white population was available.

¹⁵⁶ Sanlam: Policy register 1.

¹⁵⁷ Sanlam: *Memorandum to the Board*, 1955.

¹⁵⁸ *Ibid.*

¹⁵⁹ Sanlam: Marketing report, 1964.

clients between the ages of 18 and 24 years.¹⁶⁰ A marketing report conducted in the early 1980s showed that although the young adult market was a recognisable segment of Sanlam's client base, it still spent comparably little on life insurance. In 1981 clients in this age group spent on average R59 per head on life insurance.¹⁶¹ Sanlam's targeting and inclusion of the young adult market showed that it deviated somewhat from the traditional life insurance market especially as it began to transform into a financial services provider.

6.4 The empty nest market

6.4.1 Profile

This market segment refers to individuals who are at or approaching retirement age, usually older than 55 years. It is typically a stage in the life cycle when children are grown and the demand for extensive life cover diminishes. Instead the focus is on managing finances and investments correctly to ensure comfort and ease of living during the retirement years. The empty nest segment was not so much a market for new policies or first time policies, but rather existing products were adjusted to meet their changing needs as they entered this stage of the life cycle. One must bear in mind that with age, risk increased and so too the size of premiums. Therefore this age group was not suitable for first time policies.

6.4.2 Products

As already stated individuals in the empty nest stage of the lifecycle were unlikely to be taking out Whole Life policies for the first time. Instead these policies were adjusted to meet the needs of the insured at this stage. Paid up Whole Life policies or those with limited premiums freed up cash for retirement at this stage of the life cycle.¹⁶²

¹⁶⁰ Sanlam: Marketing report, 18 March 1970.

¹⁶¹ Sanlam: Marketing report, 18 November 1981.

¹⁶² Sanlam: Selected rate books; F.G. Crane: *Insurance principles and practices*, pp.228-230; M.S. Dorfman: *Introduction to insurance*, p.245.

Endowment policies which paid out when the insured reached a certain age could secure a lump sum for retirement.¹⁶³ Due to its versatility and adaptability to the changing circumstances of clients the Endowment policy was a very popular policy. During Sanlam's first year it was the second most popular policy, accounting for 33% of Sanlam's business.¹⁶⁴ By 1923 it was the most popular product offered by Sanlam accounting for just over half (52%) of business.¹⁶⁵ The Endowment policy and the various needs it met was an example of how Sanlam deviated from traditional life insurance. As was the case with the young adult market, Double Endowment policies were extremely beneficial for the empty nest segment as it paid out an amount in addition to the assured amount if the insured survived the policy term, which could be put towards retirement.¹⁶⁶

Convertible term policies were also beneficial to the empty nest segment because it provided cover during the dependency years, but gave policyholders the option to continue the policy as a Whole Life or Endowment policy without providing proof of insurability.¹⁶⁷ Decreasing term insurance was also beneficial in the sense that that life cover decreased over time as the policyholder approached retirement. It therefore freed up cash for retirement.¹⁶⁸

Joint whole life and endowment policies were also suitable for the empty nest segment as it covered each spouse while there was no need to cover children who were grown. The joint endowment policy included a savings component which could be used towards retirement.¹⁶⁹ The Ideal, family income, income protection and family protection policies all paid out the assured amount at the end of a selected term in addition to the payment of a regular income to dependents at death of the insured. This lump sum could be used towards retirement.¹⁷⁰

¹⁶³ Sanlam: Selected rate books, 1918-2004.

¹⁶⁴ Sanlam: Policy register 1.

¹⁶⁵ Sanlam: Policy register 3.

¹⁶⁶ Sanlam: Selected rate books.

¹⁶⁷ *Ibid.*

¹⁶⁸ *Ibid.*

¹⁶⁹ *Ibid.*

¹⁷⁰ *Ibid.*

Similarly to the adjustments described here, the amount of life cover and investment on a One Policy was adaptable to meeting the needs of clients at the empty nest stage.¹⁷¹ As Sanlam transformed into a financial services provider and financial advice, planning and investment management increasingly became part of its business, structures were put in place to assist clients in the empty nest stage to manage their retirement funds optimally and in line with inflation and tax requirements.¹⁷²

6.4.3 Canvassing the empty nest market

The optimal management of retirement funds would form the basis of much of the promotional material directed at the empty nest segment. Two threats to retirement income were identified in the promotional material namely income tax and inflation alongside Sanlam's measures to manage these threats.¹⁷³ Another concern was the optimal and secure investment of retirement funds. Sanlam reassured this segment of its client base by offering diverse investment portfolios which included some international investments as Sanlam began to globalise and expand its business.¹⁷⁴ The focus of Sanlam's contact with this segment was on providing security and peace of mind in the retirement years.

6.4.4 The importance of the empty nest market

As has already been discussed this was not a market for traditional life insurance products. Rather these products were adjusted over time for when existing policyholders reached this stage of the life cycle. This explains why the number of policyholders in the 54 and older age group during the first half of Sanlam's history was insignificant. Between 1918 and 1923 less than 2% of Sanlam's clients belonged to this age group.¹⁷⁵ This was maintained to the mid-1950s when the figure stood at 1.2%.¹⁷⁶ This market would grow in importance during the second half of Sanlam's history as the company transformed into a financial services

¹⁷¹ Sanlam: One Policy brochure, 1985.

¹⁷² *Ibid.*

¹⁷³ *Ibid.*

¹⁷⁴ *Ibid.*

¹⁷⁵ Sanlam: Policy register 1.

¹⁷⁶ Sanlam: *Memorandum to the Board*, 1955.

provider. The empty nest segment was an important market for investment products and ancillary services to manage their retirement income.¹⁷⁷

6.5 Women as a market for insurance

The previous sections of the chapter discussed women as the beneficiaries of life insurance rather than the purchasers thereof. It also referred to cases where life insurance was taken out on the lives of women by their husbands or fathers to protect the family against their loss. This section however discusses cases where women took out these policies on their own to protect their families or secure their own financial futures. It discusses women as a market for life insurance.

6.5.1 Products

Women could take out all the same policies as men at Sanlam although they did not qualify for the same benefits and the premiums because of variations in risk. According to the Life Insurance Act (1923) “A married woman is allowed to take out a policy on her own life or on her spouse and the policy is her property not her husband’s. She may complete an application form and it will be accepted with her signature.”¹⁷⁸ Women had the right to administer their own policies. If a woman took out a policy before marriage it remained her property even after marriage. Despite the fact that women were permitted to take out policies on their own, they made up a small percentage of Sanlam’s client base during the first half of its history. The reasons for this will be discussed further on in the chapter.

Die Fakkkel refers to an example of a female policyholder (Sanlam policyholder number 265) who took out a Whole Life policy after her husband’s death to make provision for her two daughters.¹⁷⁹ This example illustrates how a demand for life insurance was created amongst women. After her husband’s death policyholder number 265 became the breadwinner and had to make provision for her children in the event of her death. Therefore the earliest female

¹⁷⁷ Sanlam: Selected advertisements and brochures, 1955-2004.

¹⁷⁸ *Die Fakkkel*, 7 June 1936, p.8.

¹⁷⁹ *Ibid*, October 1960, p.12.

policyholders at Sanlam were likely to be unmarried women, divorcees and widows (and not married women) who had to make financial provision for themselves and their dependents in the absence of a male breadwinner. The needs of this market could be met by traditional life insurance products such as whole life, endowment and term policies. Two of Sanlam's earliest policyholders, policyholders number 7 and 11 were women.¹⁸⁰ This shows that Sanlam included this market from its inception and did not only serve the interests of the male breadwinner.

During the second half of its history as Sanlam began to transform into a financial services provider and expanded further into the female market, the focus shifted onto providing individual risk, investment and financial management solutions to women according to their stage in the life cycle whether it be a student, a working woman, a housewife, mother, retiree or widow.¹⁸¹

Apart from individual insurance, women were also included in group insurance. This had already begun in 1936 with the Special Policy for Female Teachers.¹⁸² In 1982 23% of the members of the pension schemes that Sanlam managed were women. This marked an increase from 18% in 1972. One of the reasons for this was that women made up a growing portion of the South African workforce.¹⁸³ From the late 1970s the wives of male members were able to join pension schemes too.¹⁸⁴

6.5.2 Canvassing the female market

One way in which Sanlam targeted the female market was by advertising in women's magazines. In 1967 Sanlam advertised regularly in two major women's magazines, *Sarie* to target the Afrikaans speaking market and *Fair Lady* to target the English speaking market.¹⁸⁵ *Sarie* for example had a readership of 676 000 most of whom belonged to the middle income

¹⁸⁰ Sanlam: Marketing report, Decade of women, 1980-1990.

¹⁸¹ Sanlam: Selected advertisements and brochures, 1961-2004

¹⁸² *Die Fakkkel*, 7 June 1936, p.6.

¹⁸³ *Ibid*, 17 September 1982, p.3

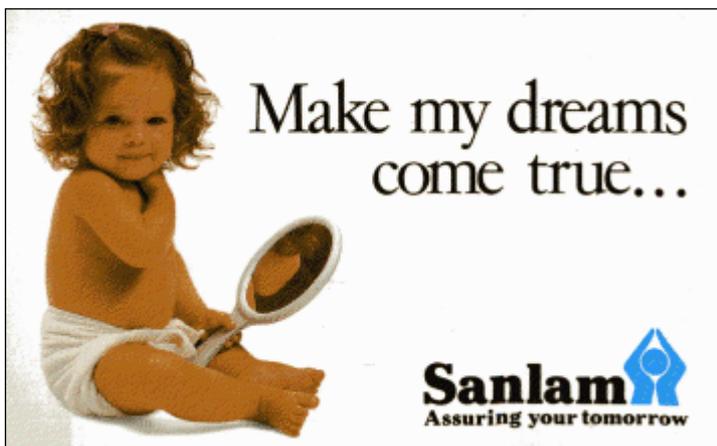
¹⁸⁴ *Ibid*, 3 August 1979, p.1; 17 September 1982, p.3.

¹⁸⁵ Sanlam: *Memorandum to the Board*, 18 October 1967.

bracket. In the same year a request was put to Sanlam's Board to begin advertising in another women's magazine *Rooi Rose*. This magazine had a readership of 647 000 which was younger than *Sarie's* and belonged to the lower to middle income brackets.¹⁸⁶ This request was approved. This shows Sanlam's expansion into the female market at this time, particularly the young Afrikaans female market.¹⁸⁷ Other women's magazines that Sanlam advertised in included *Charme, Huisvrou, Huis en Hart, Vrou en Moeder, Cosmopolitan, Femina, Garden and Home, House and Leisure, Living and Loving, Your Baby, Finesse, Women's Value and True Love*.¹⁸⁸

The focus of these advertisements was on highlighting the important role that women played in the home financially or otherwise and the need to protect this as well as the importance of creating financial independence.

Figure 8: Sanlam baby ad aimed at the female market, c.1987



(Sanlam: Selected advertisements, 1980s and 1990s.)

As Sanlam expanded further into the female market "the baby ads" campaign began to feature little girls role playing financial independence and assertiveness.¹⁸⁹

¹⁸⁶ *Ibid.*

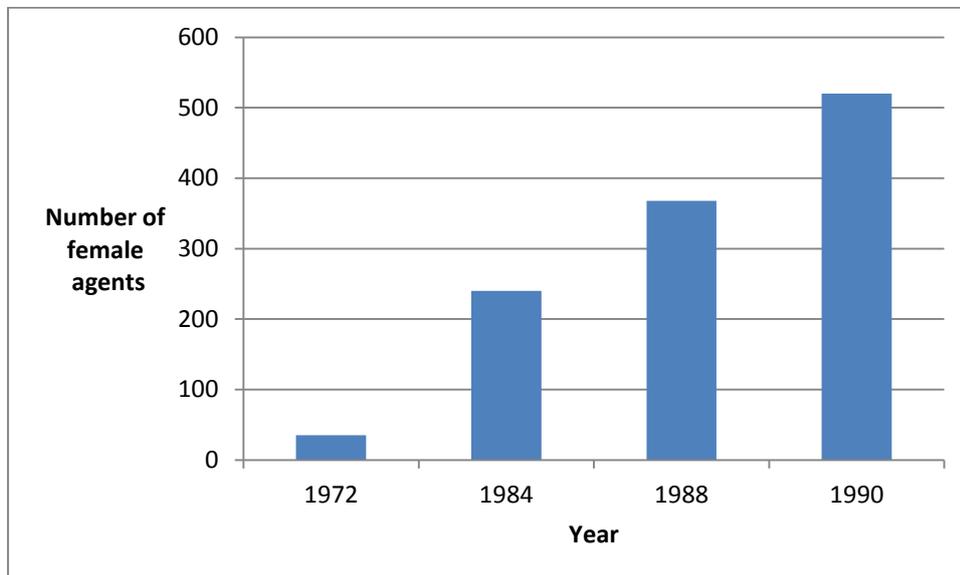
¹⁸⁷ *Ibid.*

¹⁸⁸ Sanlam: Selected advertisements, 1967-2004.

¹⁸⁹ *Ibid.*

Another way in which Sanlam reached out to the female market was through the employment of female staff. Sanlam employed its first female agent Miss Sarah Goldblatt in 1918.¹⁹⁰ She was responsible for underwriting teachers who belonged to the South African Teacher's Union.¹⁹¹ Since then female agents have been appointed on a regular basis by Sanlam.¹⁹² During the second half of its history Sanlam began to target the female market more aggressively and this is reflected in the growth in the number of female agents.

Figure 9: Growth in the number of female agents, 1972-1990



(Die Fakkkel, 1 December 1972, p.3; 15 June 1973, p.3; 13 July 1973, p.3; 15 July 1988, p.1; 31 October 1990, p.4; 31 October 1990, p.4.)

In the space of 18 years Sanlam's female field staff had grown from just 35 agents (3% of total field staff) to 520 agents (15% of total field staff).¹⁹³ These female agents performed well compared to their male counterparts. In 1971 Mrs EM Naude from Durban became the first female agent to receive the bronze order for underwriting large volumes of business.¹⁹⁴

¹⁹⁰ Sanlam: Biographies, Sarah Goldblatt, 1918.

¹⁹¹ *Ibid.*

¹⁹² Sanlam: Selected Board and Daily Management meeting minutes and *Die Fakkkel*, 1918-1971.

¹⁹³ *Die Fakkkel*, 1 December 1972, p.3; 31 October 1990, p.4.

¹⁹⁴ *Ibid.*, 5 November 1971, p.3.

In 1972 Sanlam's management discussed the possibility of establishing an all female branch in Cape Town. Two agents Estelle Beyers and Suzanne van der Merwe were appointed for this purpose.¹⁹⁵ In 1972 Mrs B. van Greunen finished in ninth place for the largest volume of business underwritten that year. In January 1973 she placed first for that month.¹⁹⁶ On 1 April 1978 Sanlam appointed its first female branch manager, Anna Kotze. She was placed in charge of the Stellenbosch branch.¹⁹⁷ In 1981 a seminar was held for Sanlam's top performing female agents.¹⁹⁸ In 1987 and 1988 respectively Elizabeth Chapman and Frieda Botha were appointed to advise agents on how to approach and develop the female market.¹⁹⁹ In 2001 Marie Swanepoel became the first female agent to receive the Eagle award for large volumes of business underwritten.²⁰⁰ All of these measures and achievements were an indication of Sanlam's expansion into the female market.

Sanlam further raised its image in the female market by employing female office staff. Sanlam had done this since its inception in 1918. This was partly motivated by labour shortages and the fact that it was cheaper to employ female staff at the time.²⁰¹ For the largest part of its history women mostly filled clerical positions at Sanlam. In 1971 60% of Sanlam's clerical staff was female.²⁰² From the 1970s onwards women increasingly began to be employed in administrative and managerial positions. Mrs MA Beeshold was the first woman to occupy a management position at Sanlam when she was appointed as manager of the Personnel Development in 1971.²⁰³ In 1980 Sanlam's regional office in Johannesburg had only female staff.²⁰⁴ By 1985 63% of all of Sanlam's office staff was female.²⁰⁵ Sanlam's first female director Kate Jowell was appointed in 1993.²⁰⁶ In 2004 11% of Sanlam's board was comprised of women and the breakdown for other staff was as follows:

¹⁹⁵ *Ibid*, 3 March 1972.

¹⁹⁶ *Ibid*, 1 December 1972, p.3; 16 February 1973, p.3.

¹⁹⁷ *Ibid*, 27 July 1979, p.1.

¹⁹⁸ *Ibid*, 23 October 1981, p.3.

¹⁹⁹ *Ibid*, 22 May 1987, p.1; 22 May 1987, p.1; 15 July 1988.

²⁰⁰ *Sandaba*, May 2001, p.5.

²⁰¹ *Die Fakkkel*, 15 October 1971, p.3.

²⁰² *Ibid*.

²⁰³ *Ibid*, 14 April 1971, p.1.

²⁰⁴ *Ibid*, 8 March 1985, p.1.

²⁰⁵ *Ibid*.

²⁰⁶ Sanlam: *Annual Report*, 1993.

Table 18: Percentage female staff in various job categories, 2004

	Female
Elementary occupation and semi-skilled	80.6%
Skilled technical, junior managers and supervisors	45.6%
Professionally qualified middle management	41.4%
Senior management	15.7%
Total management	6.8%
Total	54.5%

(Sanlam: Annual Report, 2004)

Overall women made up more than 50% of Sanlam's total workforce. Although the number of women in senior positions was still comparably small, the inclusion of women in senior positions had taken place fairly rapidly and mirrored Sanlam's efforts to expand into this market.

6.5.3 The importance of the female market

Even though women were not excluded from taking out life insurance policies they only made up a small portion of Sanlam's client base during the first half of its history. During the first six months of Sanlam's business from June to December 1918 women made up only 16% or about one sixth of Sanlam's client base.²⁰⁷ This was maintained to the mid-1940s, when from the period August 1945 and to April 1946 the same percentage of female clients

²⁰⁷ Sanlam: Policy register 1.

was identified.²⁰⁸ A number of reasons can be identified for the small female market initially. At the time that Sanlam was established men were generally the most economically active section of the population. Therefore they usually took out life insurance policies on behalf of their wives and daughters.²⁰⁹ Life insurance was by its very nature a patriarchal concept and society had not yet completely caught up with the idea of women as breadwinners and policyholders. Women were also not well informed at this stage about the usefulness of life insurance. Although women were legally permitted to take out life insurance policies their applications had to be accompanied by a form which detailed the purpose of the insurance, the source of income of the insured and the person responsible for the payment of premiums. This suggests mistrust in the ability of women to keep up with the payment of premiums. This form was only removed as part of a female policy application in 1936.²¹⁰

Apart from the stigma attached to women taking out life insurance at this time they were regarded as posing a greater risk due to the risks associated with pregnancy and childbirth. Therefore they did not qualify for the same benefits as male policyholders and their premium rates differed. Sanlam introduced a Pregnancy Clause in 1919 to manage this risk. This Clause had already been adopted by other life insurance companies like Southern Life and South African Mutual.²¹¹ This Clause stated that if a female prospect was pregnant and confinement was expected within three months, issuing of a policy would be delayed until after the birth or the policy would be taken up with a condition that the company would not be liable if death occurred as a result of pregnancy or birth.²¹² The same conditions applied in cases where the prospect had a history of miscarriages or was older than the age of 30.²¹³ Prospects who were less than six months pregnant would be insured but with a loading and only on recommendation of the chief medical officer.²¹⁴ Female policyholders did not qualify for interest free loans on operations if operations were as a result of pregnancy or childbirth.²¹⁵ Only unmarried, divorced or widowed women qualified for disability benefits

²⁰⁸ Sanlam: Policy register, August 1945 to April 1946.

²⁰⁹ *Die Fakkkel*, 15 October 1933, p.9.

²¹⁰ *Ibid*, 7 April 1936, p.13; 7 June 1936, p.8.

²¹¹ Sanlam: Daily Management meeting minutes, 20 June 1919, p.194.

²¹² Sanlam: Board meeting minutes, 23 May 1919, p.9.

²¹³ *Die Fakkkel*, 15 April 1934, p.16.

²¹⁴ Sanlam: Daily Management meeting, 14 August 1929, p.223.

²¹⁵ Sanlam: Interest Free Loans on Operations brochure, 1918.

and earning ability insurance.²¹⁶ In the case of married women their husband's would be eligible for these benefits.

As Sanlam began to expand into the female market during the second half of its history there was increase in the number of female policyholders. In 1969 22% of Sanlam's client base was female. Sanlam lagged behind South African Mutual whose female policyholders accounted for 31% of business.²¹⁷ In 1971 the number of policies issued to women by Sanlam increased by 49% while that issued to men increased by 29%.²¹⁸ This was a testament to Sanlam's efforts to capture a greater share of the female market. In 1978 women were responsible for more than R5 million in new business premiums for Sanlam.²¹⁹ In 1988 there was a 60% growth in the annual premiums of women compared to a 26% growth in that of male policyholders.²²⁰ This showed that the female market was a lucrative one and Sanlam would want to continue its expansion into this market. By 1989 34% of Sanlam's policyholders were female which was more than double what it had been in 1918.²²¹

A number of factors contributed to the growth in Sanlam's female business apart from a concerted effort by management to expand into this market. Women were becoming increasingly economically active. Factors such as the Second World War and higher divorce rates which forced women to enter the workforce contributed to this.²²² The total earnings of women as a percentage of the total earnings of all white South Africans increased from 18.6% in 1970 to 25% in 1976.²²³ In 1982 women made up 40% of the labour market in South Africa.²²⁴ 40% of car owners in South Africa were women in 1989 as well as one third of current and credit card holders and 50% of degree and diploma holders.²²⁵ With increased economic participation came a higher standard of living and a higher life expectancy. Therefore restrictions on female lives were lifted. In 1975 the premium rate of female

²¹⁶ Sanlam: Rate books, 1922, 1941, 1945, 1976.

²¹⁷ Sanlam: Marketing Report, 18 March 1970.

²¹⁸ Sanlam: Marketing Report, 16 February 1972.

²¹⁹ *Die Fakkel*: 27 July 1979, p.1.

²²⁰ *Ibid*, 3 March 1989, p.7.

²²¹ *Ibid*, 31 October 1990, p.4.

²²² *Ibid*, 2 September 1977, p.3.

²²³ *Ibid*.

²²⁴ *Ibid*, 17 September 1982, p.3.

²²⁵ *Ibid*, 3 March 1989, p.7.

policyholders was reduced by five years due to their higher life expectancy. This meant that female policyholders would pay the same premium rate as men five years younger than them.²²⁶ In 1979 comprehensive disability benefits was introduced for women regardless of their marital status.²²⁷ A pregnancy benefit was added to Whole Life and Endowment policies whereby if the insured fell pregnant, the payment of premiums could be reduced or postponed for twelve months to free up cash during this period.²²⁸ Despite these factors the female market was underinsured and showed great potential as a market for life insurance and related products. In 1990 only 29% of women had some form of life insurance. In 1994 only 12% of women in the private sector had investments or retirement annuities.²²⁹ For these reasons Sanlam had much to gain by expanding its reach into the female market.

6.6 Conclusion

The breadwinner market was a core market throughout Sanlam's history, but from its inception Sanlam was innovative in introducing products that addressed a range of financial needs and not solely income protection. Sanlam's policies were flexible and adaptable to the changing circumstances of its clients. This became even more important as Sanlam transformed into a financial services group. Apart from serving individuals at various stages of the life cycle, Sanlam also specifically targeted the female market during the second half of its history and identified it as an important market for life insurance and related financial services. This challenged the traditional idea of life insurance as a male product and it demonstrated Sanlam's inclusiveness as a company.

²²⁶ *Ibid*, 18 April 1975, p.2.

²²⁷ *Ibid*, 27 July 1979, p.1.

²²⁸ *Ibid*, 22 May 1987, p.1; 6 November 1987, p.1.

²²⁹ *Ibid*, 8 August 1994, p.5.

CHAPTER 7: INSURANCE ON ALL LIVES: THE SOCIO-ECONOMIC PROFILE OF SANLAM'S CLIENT BASE, 1918-2004.

7.1 Introduction

Life insurance was one of the by-products of industrialisation and urbanisation in the late nineteenth century. As people began to work outside of the home for remuneration a need emerged to protect against the loss of this income if for some reason an individual was no longer able to work. Life insurance was by its very nature a working class phenomenon. This chapter discusses to what extent this applied to Sanlam by analysing the socio-economic profile of its client base between 1918 and 2004.

What were the financial needs of the economically active section of the South African population and how were these needs met by Sanlam? How did Sanlam reconcile meeting these needs and operating as a sound, profitable financial services institution with its empowerment vision of making an affordable savings mechanism available to a larger section of the South African population? What impact did this have on Sanlam's identity as a company?

Four main socio-economic or occupational groups were identified amongst Sanlam's clients: Professionals, white collar workers, blue collar workers and self-employed individuals. As Sanlam transformed into a financial services group in the late 1990s the segmentation of these markets was based on income rather than occupation. Three new markets emerged: the entry level or emerging market, the middle market and the affluent or high-end market. These various socio-economic groups will be discussed in this chapter to determine to what extent Sanlam conformed to the traditional market for life insurance or expanded its client profile to include a larger section of the South African population.

7.2 The Professional market

7.2.1 Profile

Sanlam's target market included professional people. These were people with professional qualifications and training who belonged to professional bodies. Examples included: academics and educators (professors, lecturers and teachers), clergy (theologians, ministers and missionaries), legal practitioners (judges, advocates, attorneys and lawyers), financial and risk specialists (accountants, auditors and actuaries), medical and healthcare practitioners (doctors, dentists, pharmacists, optometrists, psychologists, physiotherapists and vets) and engineers and land surveyors (including quantity surveyors and architects).¹ *Die Fakkkel*, Sanlam's company magazine from 1932 to 1996 refers to a few individual examples of professional policyholders. In 1918, policyholder number 38, a principal at a school in Humansdorp in the Cape Province took out a policy with Sanlam. He had learned about the new South African life insurance company in *De Burger*. He cited his reason for taking out the policy as wanting to support the local, Afrikaner institution.² Policyholder number 22 was a scientist who took out a policy from Sanlam as a security on a student loan.³ Professionals were an important market for Sanlam because of their above average income and their high standing in society. Through this market life insurance became associated with status and upward mobility. This would inspire others to purchase life insurance to attain this status.⁴

As Sanlam transformed into a financial services group in the late 1990s professionals were integrated into the affluent and high-end market segment. This was a higher income or net worth market segment.⁵ In 2002 individuals were classified as belonging to this group if they earned a monthly income of R30 000 or more and on average spent 13% of their household income on insurance and savings.⁶ This once again highlighted the importance of the professional market and Sanlam's need to expand further into this market. "Sanlam seeks diversified market exposure and besides a concerted push into the entry-level segment, is

¹ Sanlam: Selected advertisements, brochures and *Die Fakkkel*, 1918-2004; Memorandum to the Board regarding Retirement Annuity Pension Fund membership, 1 July 1960.

² *Die Fakkkel*, June 1958, pp.3-4.

³ *Ibid*, December 1958, pp.3-4.

⁴ *Die Fakkkel*, 12 February 1936, p.278; *Chairman's address*, 1921.

⁵ Sanlam: Annual Report, 2000, pp.9-10.

⁶ Sanlam: Annual Report, 2002, p.15.

targeting defined opportunities with the potential to deliver growth off a low base such as the middle and high net worth markets in Gauteng”.⁷

7.2.2 Products

All the socio-economic groups targeted by Sanlam except to some extent the self-employed group was a market for life insurance and related financial services that made provision for the replacement of income in the event of their being unable to work due to disability, illness or old age as well as protecting dependents who relied on this income. This included death, disability, accident, sickness and retirement cover which could be obtained on an individual or group basis. Group insurance refers to when employers or professional bodies collectively took out insurance for their employees or members. Such schemes were developed, underwritten and managed by Sanlam.

Group retirement and pension provision expanded after the Second World War as the economy expanded and there was a growing awareness of the need to protect the well-being of employees especially in the absence of adequate pension provision by the state. Group insurance would become a major source of business for Sanlam during the second half of its history. In 1959: “A large amount accrued to new business from the big group schemes. The total amount of new business obtained exceeded the sum of £170,000,000. Sanlam’s new business for this year amounted to the largest sum ever written by any company in South Africa in any single year”⁸ In the following year group insurance exceeded individual business once again accounting for R146 million of new business compared to R138 million by individual insurance.⁹ The 1960s was a period of rapid economic growth in South Africa and group business would continue to rise during this decade. In 1975 37% of Sanlam’s premium income came from group schemes.¹⁰ In 1986 group insurance accounted for R906 million of Sanlam’s business compared to R1 181 million by individual insurance. Sixty-

⁷ *Ibid*, p.17.

⁸ Sanlam: *Chairman’s address*, 1960.

⁹ *Ibid*, 1961.

¹⁰ *Die Fakkkel*, 1976.

eight new pension funds were underwritten by Sanlam in 1987. This growth was attributed to Sanlam's investment performance and good service.¹¹

With the political changes in the country in the 1990s and the transformation of the public sector Sanlam's group schemes clientele began to include trade unions. In 1992 there was a 42% increase in group benefits. In that year group business stood at R400 million and accounted for 40% of Sanlam's total premium income. This growth was a result of the larger number of pension funds placing their investments with Sanlam as well as the significant growth in the number of pension funds in which trade unions were involved.¹² Good relations and successful negotiations with the trade unions played a major role in this regard.¹³ Sanlam also began to target small growing companies as a market for group pension schemes.¹⁴ In 1997 Sanlam had 2300 pension funds and 1500 group life insurance schemes on its books with approximately 1.9 million members.¹⁵ Group business was therefore an extremely important source of business for Sanlam. With restructuring in the late 1990s a separate business unit, Sanlam Employee Benefits (SEB) was created to manage Sanlam's group pension and retirement schemes.¹⁶

In terms of group insurance schemes for professionals the largest and most important one underwritten by Sanlam was that of the Professional Provident Society of South Africa (PPS). Sanlam managed this retirement annuity scheme for professionals from 1958.¹⁷ The retirement benefits on this annuity paid out at a selected age, which was usually set at 65, but was adjustable according to the insured's needs. One third of the retirement benefits could be paid out as a lump sum which was tax free, while the remaining two thirds had to be paid out as a monthly retirement income. If the insured died before the end of a selected date, contributions plus bonuses would be paid out to dependents. Protection against inflation, high returns, tax concessions and flexibility in terms of the size of the investment and the setting of the maturity date were key features of this product. The fund did not only make provision

¹¹ *Ibid*, 6 November 1987, p.1.

¹² *Ibid*, 6 November 1987, p.1.

¹³ Sanlam: *Chairman's address*, 1993.

¹⁴ *Die Fakkkel*, 13 November 1992, p.1.

¹⁵ Sanlam: *Annual Report*, 1997, p.14.

¹⁶ Sanlam: *Annual Report*, 2004, p.3.

¹⁷ Sanlam: *Chairman's address*, 1959, p.5.

for retirement, but over time other benefits were added to meet the various needs that the insured may have at retirement. Death benefits were met through the One Policy for Retirement, provision for children's education through the One Policy for your Child, disability benefits through Income Protector and medical cover through Profmed – the PPS's medical aid scheme established in 1986. A savings benefit could be added to the existing annuity to increase retirement benefits without having to take out a new policy. This was called the Cash Booster or the Pension Booster.¹⁸ If the client did not want all these additional benefits, but wanted to maximise retirement benefits and ensure that all contributions were invested for retirement purposes only, this could be achieved by selecting the Fund Booster option.¹⁹ Penplan was introduced in 1980 which allowed a normal pension fund to be linked to a PPS Retirement Annuity so that partners and professional assistants could join the same scheme.²⁰ PPS was Sanlam's largest single client in the 1970s and 1980s.²¹

Apart from the PPS Retirement Annuity which covered a broad range of professions there were also several examples of special pension and retirement schemes designed for specific professions. In the category academics and educators, in 1928 Sanlam introduced special disability benefits to address the lack of disability cover for lecturers and officials at universities.²² Disability benefits were then expanded to include other professions. In terms of other intellectual institutions, Sanlam became the official insurer of the ATKV in 1937.²³ It also underwrote group schemes for the *Nasionale Pers*.²⁴

Teachers were one of the largest and most important professional markets underwritten by Sanlam. Not only were they quality lives to underwrite, but they had a high standing in society and had the ability to reach people. This also explains why many of Sanlam's agents were teachers or former teachers. Already in 1919 Sanlam's Board proposed the introduction of a pension scheme specifically designed for teachers. The proposed "Widow's Pension

¹⁸ Sanlam: Selected brochures, 1987-1988.

¹⁹ *Ibid*, 1988-1989.

²⁰ Sanlam: Selected brochures, 1980.

²¹ Sanlam: Selected advertisements and brochures, 1970s and 80s.

²² M.S. Louw: *Die ekonomiese prestasie van die Afrikaner oor die afgelope 25 jaar*.

²³ *Taalgenoot*, September 1937; May 1938.

²⁴ Sanlam: Memorandum to the Board regarding marketing of pension schemes, 15 March 1974.

Scheme” would assist male teachers in making provision for their wives in the event of their deaths. The scheme would take the form of a Whole Life policy. No such group scheme for teachers was provided by the state, which created an opening for Sanlam to develop such a product. It would involve negotiations between Sanlam and the various teachers’ associations in the country. Initial meetings between M.S. Louw – Sanlam’s assistant actuary at the time and the South African Teachers’ Union (*Suid-Afrikaanse Onderwysers’ Unie*) generated a “favourable consideration” for the introduction of such a scheme.²⁵ It was suggested that a discount of 5% be added onto the premiums of such a scheme.²⁶ The policy was approved by the South African Teachers’ Union and presented to other teachers’ associations.²⁷ Sanlam became the official insurer of three teachers’ associations in 1934: the South African Teachers’ Union, the Orange Free State Teachers’ Association and the Transvaal Teachers’ Association.²⁸ Sanlam also underwrote schemes for the Natal and the Cape Province Teachers’ Associations.²⁹ Another policy specifically designed for teachers was introduced in the 1930s which served these professional teachers’ bodies. The Special Teachers’ Policy introduced in 1938 “made history”³⁰ by not only making provision for the payment of a lump sum at death of the insured, but also the payment of a regular income in the event of the total disability of the insured.³¹ In 1939 a pension policy for African teachers and ministers was introduced.³² Another pension scheme especially designed for African teachers was introduced in 1959. This was a pension scheme for the Teachers’ Educational and Professional Association, which represented coloured teachers in the Cape Province.³³ By 1981 Sanlam was the official insurer of four South African and one South West African teachers’ association.³⁴ Collectively these schemes had over 1100 members and was therefore an important source of business for Sanlam. Half of new members were women compared to 30% in 1980. Sanlam continued to underwrite pension schemes for teachers in the 1990s and early 2000s.³⁵

²⁵ G.W. Paterson: Letter entitled: Re: Teachers’ Widows’ Pension scheme, 21 May 1919.

²⁶ *Ibid.*

²⁷ Sanlam: Selected brochures, 1919-1920.

²⁸ Sanlam: *Chairman’s address*, 1935; *Die Fakkell*, 15 June 1934, p.4.

²⁹ Sanlam: Board meeting minutes, 21 April 1933, p.113; Rate book, 1959

³⁰ Sanlam: Advertisements and brochure for the Special Teachers’ Policy, 1938.

³¹ *Ibid*; *Die Fakkell*, 7 February 1938, p.10; 7 October 1938, p.13.

³² Sanlam: Advertisement for the Pension Policy for African Teachers and Ministers.

³³ Sanlam: *Chairman’s address*, 1959, p.5; Memorandum to the Board regarding non-whites, 25 August 1959.

³⁴ *Die Fakkell*, 7 May 1982, p.1.

³⁵ Sanlam: Selected advertisements and brochures, 1990-2004.

The products directed at ministers and missionaries were very similar to those sold to teachers as both market segments were highly regarded by society and Sanlam especially early on in its history. Apart from special group life insurance and pension schemes examples of such similarities included: a 5% discount that was subtracted from the premiums of Whole Life and Endowment policies taken out by ministers and missionaries.³⁶ Special disability benefits for ministers and missionaries was approved in 1932³⁷ and a group scheme specifically for African ministers was introduced in 1939.³⁸

Another important professional market underwritten by Sanlam was that of healthcare professionals particularly doctors and dentists. Apart from group life insurance and pension schemes designed especially for this market, it relied heavily on disability and accident benefits because of the nature of their work and additional risks involved. Therefore special disability benefits and double accident benefits were introduced for this market.³⁹ In cases where doctors and dentists were doing military service as was the case in the 1980s, disability and accident benefits were insured on a contractual basis.⁴⁰

Professionals were later integrated into Sanlam's affluent market. A special product Innofin was introduced in the early 2000s to facilitate Sanlam's expansion into this market segment.⁴¹ This was a savings or cash management product that took the form of a money market unit trust. It had more transacting and reporting features than a typical money market unit trust and higher returns than bank accounts.⁴²

7.2.3 Marketing

As professionals had invested much in their training and education and often had very specialised occupations, much of the promotional material directed at this market focused on

³⁶ Sanlam: Selected advertisements, 1919-1931.

³⁷ Sanlam: Daily Management meeting minutes, 17 August 1932, p.367.

³⁸ Sanlam: Advertisement for the African Teachers and Ministers group scheme, 1939

³⁹ Sanlam: Selected advertisements, 1918-2004; Memorandum to the Board regarding disability benefits for doctors and dentists, 27 August 1927; Daily Management meeting, 28 August 1957, p.140.

⁴⁰ Sanlam: Board meeting, 20 August 1980.

⁴¹ Sanlam: Annual Reports, 2000, pp.9-10; *Sandaba*; April 2002, p.19.

⁴² Sanlam: Brochure for Innofin, 2001.

highlighting the financial protection that Sanlam could offer in the event of their being unable to work. One advertisement declared that “Sanlam offers complete protection for teachers”.⁴³ This was especially the case with disability benefits.

In the 1930s Sanlam launched a series of advertisements with slogans such as “creative hands”, “at a stroke of a pen” and “loss of earning power”. These advertisements featured images of hands and they described the disability benefits that Sanlam could offer in the event of the loss of limb. This was a powerful image as most professions depended on the use of one’s hands.⁴⁴

Sanlam reached the professional market by publishing in various professional publications. This included publications such as *Die Private Praktyk* and *Die Professionale Vennootskap*.⁴⁵ For the academics, lecturers and teachers category it included publications such as *die Jaarboek van die Afrikaanse skrywerskring*, *Die Taalgenoot*, the annuals and events programs of schools and universities, *Education*, *Die Skakel*, *Die Skoolblad*, *Die Unie*, *Die Kristelike Skoolblad*, *Transvaal Educational News*, *Onderwysblad* and the *Free State Teacher*.⁴⁶ In 1955 Sanlam spent £496.0.0. on advertisements in teachers’ publications and set aside an additional £300 for further advertisements in such publications.⁴⁷ This was an indication of the importance of the teacher market.

For the clerical section publications included *Die Kristelike Skoolblad*, *The Good Shepherd*, *Bondsake*, *Die Hervormer*, *Die Kerkbode*, *Die Voorligter*, *Woord en Daad* and *Ligstraal*.⁴⁸ In 1955 Sanlam spent £884.0.0. on such publications, which was more than what was spent on teachers’ publications.⁴⁹ However the broader church congregation could be reached through such publications, which explains this large amount. The clerical market and the broader

⁴³ *Educational News*, January to March, 1960.

⁴⁴ Sanlam: Selected brochures, 1918-1938; *Die Fakkkel*, 7 October 1937, p.2; 7 August 1938, p.17

⁴⁵ Sanlam: Memorandum to the Board with regards to marketing progress and budgets, 1964-1965; 1968-1969.

⁴⁶ *Die Fakkkel*, 15 July 1935, pp.4-5; Sanlam: Selected advertisements and brochures, 1918-2004.

⁴⁷ Sanlam: Memorandum regarding adverting expenses, 1955.

⁴⁸ Sanlam: Selected advertisements and brochures, 1918-2004.

⁴⁹ Sanlam: Memorandum regarding adverting expenses, 1955.

church community could also be reached through donations and Sanlam's involvement in church events.⁵⁰

Sanlam targeted financial experts such as accountants, actuaries and economists through advertisements financial and business publications. Examples included the *South African Financial Gazette*, *Life Underwriter*, *Financial Times*, *South African Insurance Magazine*, *African Insurance Record*, *Finansies en Tegniek*, *Volkshandel*, *Handelaar*, *Business Executive*, *Financial Mail*, *Industry and Trade*, *Finance Week*, *Moneywise*, *Business Times*, *Sake Rapport*, *Cover*, *Business Day*, *Accounting SA*, *the Namibian Economist*, *Personal Wealth and African Business*.⁵¹ In 1955 Sanlam spent a total of £575.14.0. on advertisements in these publications. Again this was more than what was spent on advertisements in teachers' publications.⁵² One possible explanation for this was that there were more financial and business publications than teachers' publications and these publications reached a wider audience including the white collar market and the general consumer market. Since Sanlam operated in a field that involved financial experts it therefore also reached this market through its own business associations.⁵³

Health care professionals specifically doctors and dentists were reached through medical publications. This included the publications of professional healthcare bodies and medical journals such as the *South African Medical Journal*.⁵⁴ In 1964 Sanlam spent R569 on advertisements in such publications illustrating the importance of this market.⁵⁵ Another important professional market was that of engineers and land surveyors. Sanlam targeted this market by advertizing in publications such as *SA Architect*, *Engineering News* and *Civil Engineering*.⁵⁶

⁵⁰ Sanlam: Selected advertisements and brochures, 1918-2004.

⁵¹ *Ibid*; Memorandum with regards to the budget, 1964; Advertising schedule for the years 1968-1969.

⁵² Sanlam: Memorandum regarding advertizing expenses, 1955.

⁵³ *Die Fakkkel*, May 1967, p.4.

⁵⁴ Sanlam: Selected advertisements and brochures, 1918-2004.

⁵⁵ Sanlam: Memorandum regarding marketing progress, 1964-1964.

⁵⁶ Sanlam: Selected advertisements and brochures, 1918-2004.

7.2.4 Size

During the first six months of its operations from June to December 1918, professionals made up roughly one tenth (12%) of Sanlam's total client base. This was maintained to the period July to September 1943 when the percentage of professionals stood at 11%.⁵⁷ In 1962 the professional market accounted for R14 729 000 of Sanlam's premium income (ordinary as well as group business) which was roughly 6% of Sanlam's total business.⁵⁸ By 1964 the amount of business generated by professionals had grown to R20 998 000.⁵⁹ This growth could largely be attributed to Sanlam's underwriting of the Professional Provident Society's pension scheme.⁶⁰ In 1974 group professional business alone accounted for R727 000 of Sanlam's new business underwritten in that year.⁶¹ In 1980 clients in the higher end income bracket earning more than R12000 per year were responsible for 48% of new business premiums.⁶² This group spent more on life insurance than any of the other socio-economic groups.⁶³ In 1998 Sanlam had 170 000 professional policyholders who made up 5% of its total client base.⁶⁴ In the higher end income group (R15 000 – R30 000) Sanlam had 216 000 policyholders accounting for 6% of its total client base.⁶⁵

Teachers were an important segment of the professional market. From June to December 1918 they made up 7% of Sanlam's total client base.⁶⁶ Again this was maintained to the period July to September 1943 when the figure stood at 6%.⁶⁷ In 1962 group business amongst teachers accounted for R8 396 000 of Sanlam's premium income, which was roughly 4% of its total business.⁶⁸ In 1964 the amount of premium income generated by this market segment stood at R7 522 000.⁶⁹ R527 000 new business was underwritten by this market segment in 1974 compared to R263 124 in 1960.⁷⁰

⁵⁷ Sanlam: Policy registers 1 and 30.

⁵⁸ Sanlam: Memorandum to the Board with regards to production, 1963.

⁵⁹ *Ibid*, 1965.

⁶⁰ *Ibid*.

⁶¹ Sanlam: Report on optional group business, 17 October 1974.

⁶² Sanlam: Marketing report, 18 November 1981.

⁶³ *Ibid*.

⁶⁴ Sanlam: Market size and new business report, 1998.

⁶⁵ *Ibid*.

⁶⁶ Sanlam: Policy register 1.

⁶⁷ Sanlam: Policy register 30.

⁶⁸ Sanlam: Memorandum to the Board with regards to production, 1963.

⁶⁹ *Ibid*, 1965.

⁷⁰ Sanlam: Memorandum to the Board regarding optional group schemes, 30 April 1960.

Table 19: Percentage business and amount spent per professional market segment, 1980

	% new business premiums	Policy size
Doctors and dentists	4.3	R885
Teachers and lecturers	3.7	R368
Engineers	2.0	R596
Advocates and lawyers	1.6	R753

(Sanlam: Marketing Report, 10 August 1980.)

The table shows the impact of the various professional market segments according to the percentage of new business generated and the average amount spent on policies by each segment. According to this data doctors and dentists were the most important section of the professional market as they generated the most new business and spent more on policies than the other professional segments. The next highest amount of new business was generated by teachers and the next highest amount spent by the legal practitioners segment.⁷¹ Overall professionals made up 16% of Sanlam's total client base in 1980.⁷²

7.3 White collar market

7.3.1 Profile

The white collar market included individuals in administrative and managerial positions.⁷³ They were usually fairly well educated and belonged to the middle or upper middle class. The white collar market would later be integrated into Sanlam's middle market.⁷⁴

⁷¹ Sanlam: Marketing Report, 10 August 1980.

⁷² *Ibid*, 10 December 1980.

⁷³ Sanlam: Selected advertisements and brochures, 1918-2004.

⁷⁴ *Ibid*, 1999-2004.

Typically the white collar market included clerks and other office workers such as secretaries, receptionists and typists.⁷⁵ Sanlam's own staff which comprised of clerical, administrative and management staff was a good example of a white collar market. Therefore similar financial and commercial institutions such as banks were where this market could be targeted.⁷⁶ Sanlam's first policyholder Servaas Daniel de Wet belonged to this market segment. He was the head clerk in the administrative department of *Nasionale Pers*.⁷⁷

Apart from the private sector, Sanlam also targeted government officials and workers under its white collar market. Specific examples included municipal and postal workers. Another specific segment of this market targeted by Sanlam was hospital officials.⁷⁸

7.3.2 Products

White collar workers were a market for group life insurance and pension schemes. This included the private and public sectors. Sanlam was an example of a private company that already began underwriting pension schemes for its own office staff in 1927 and its field staff in 1929.⁷⁹ Other private companies underwritten by Sanlam included *Nasionale Pers* and *Brink Broers* to name a few.⁸⁰ Forty policies were written under the *Brink Broers* Pension scheme in 1952.⁸¹ "It also has won strong support from financial institutions, industrial and commercial firms through the operation of pension plans that are tailor-made to suit individual company requirements".⁸²

With regards to group schemes for civil servants, Sanlam began to insure such groups as early as 1929 when it introduced a pension scheme for municipal and divisional council workers. "In the course of its last session the Provisional Council of the Cape Province

⁷⁵ *Ibid*, 1918-2004.

⁷⁶ *Ibid*.

⁷⁷ Sanlam: Policy register 1; Biographical notes on SD de Wet, 1918-1938.

⁷⁸ Sanlam: Selected advertisements and brochures, 1918-2004.

⁷⁹ Sanlam: Board meeting minutes, 16 November 1926, p.33; 16 November 1927, p.49; 26 September 1929, p.69.

⁸⁰ Sanlam: Selected advertisements, brochures and rate books, 1918-2004.

⁸¹ Sanlam: Memorandum to the Board regarding a pension scheme for *Brink Broers*, 19 August 1952.

⁸² *Die Fakkkel*, 11 February 1972, pp.1, 4.

passed an amending ordinance to empower Municipal and Divisional Councils to make provision for pensions for their officers by entering agreements with insurance offices.”⁸³

Sanlam responded to this event by designing a pension scheme for servants of municipal and divisional councils and several of them decided to support Sanlam.⁸⁴ In 1930 for example Sanlam underwrote the pension scheme for the Port Elizabeth Municipality and City Council, which included a coloured section.⁸⁵ In the 1970s Sanlam was the official insurer of the South African Association of Municipal workers.⁸⁶ Sanlam continued to underwrite pension schemes for municipalities, town councils and local authorities into the 1980s, 1990s and early 2000s.⁸⁷ Other government and semi government departments underwritten by Sanlam included postal services, South African Railways and Harbours, hospital officials, Transnet, Telkom and Escom.⁸⁸ Sanlam was the official insurer of the Public Servants Association of South Africa and South West Africa.⁸⁹ Civil servants were an important market because of their large numbers. A large percentage of Sanlam’s Afrikaans-speaking clients belonged to this market from the 1950 to the 1980s while the government was under control of the National Party. This would change with the political transformation in the early 1990s and the growing importance of the trade union market. Group solutions for the employees of private companies and public institutions was managed by Sanlam Employee Benefits in 1998 and from 2004 by Sanlam Life which also provided retirement solutions for individuals in the middle income market.⁹⁰ Individuals in the middle income bracket were also a market for pension schemes as retirement provision by employees and the state were often insufficient.⁹¹

⁸³ Sanlam: *Chairman’s address*, 11 December 1929, p.6.

⁸⁴ *Ibid.*

⁸⁵ Sanlam: *Board meeting minutes*, 27 February 1930, p.74; 13 August 1930, p.270.

⁸⁶ Sanlam: Selected advertisements, 1970.

⁸⁷ Sanlam: Selected advertisements, 1986-2004.

⁸⁸ Sanlam: Selected advertisements and brochures, 1955-2004.

⁸⁹ Sanlam: *Chairman’s address*, 1959; Selected advertisements, 1959-2004.

⁹⁰ Sanlam: Selected advertisements, 1998-2004.

⁹¹ *Ibid.*, 1955-2004.

7.3.3 Marketing

Sanlam reached the white collar market through various media. Individual clients belonging to this socio-economic group were targeted through advertisements in consumer publications, which have already been listed elsewhere, as well as Sanlam's radio and television advertisements. The white collar market was a traditional market for life insurance. Therefore the same type of advertising techniques used to target the breadwinner market, applied to this market.

Sanlam targeted private companies for group insurance schemes by advertising in financial and industry publications, many of which have already been listed, as well as the internal staff publications of companies.⁹² These advertisements focused on the importance of making provision for employees. Such an advertisement was published in the *Financial Mail* and *Finansies & Tegniek* in 1997. The slogan of the advertisement was "Your company's in their hands. In whose hands are they?"⁹³ This advertisement highlighted the role that employees played in the sustainability and advancement of a company and therefore the need to protect their futures. This could be achieved through a Sanlam group insurance scheme. Group schemes for civil servants were advertised in publications such as *The Public Servant*, *Government Digest*, *Headlight* (railway and transport workers), the *South African Railways and Harbours Review*, the *Salstaff Bulletin* (railway and transport workers), the *Hospital Official*, *Humanitas* (hospital officials), *Milmed* (hospital officials) and *Die Bondgenoot* (postal workers).

The approach to the marketing of civil servants was similar to that of workers of private firms. These advertisements highlighted the role that civil servants played in serving society and the role that Sanlam would in turn play in serving them through a group insurance scheme. This was conveyed through slogans such as "helping those who help others" and "serving those who serve others."⁹⁴

⁹² *Ibid*, 1918-2004.

⁹³ *Ibid*, 1997.

⁹⁴ *The Public Servant; Die Bondgenoot*, 1989-1990.

Furthermore Sanlam's agents generally came from this same socio-economic group and therefore had a particular connection with the white collar market.⁹⁵ Sanlam's image in the white collar market was further enhanced by donations and loans made to private and public institutions including municipalities and divisional councils particularly in the first half of its history.⁹⁶ Sanlam's expansion into the group insurance market was facilitated by negotiations with trade unions in the 1990s and early 2000s.⁹⁷

7.3.4 Size

The percentage of business written under the white collar market during the first six months of Sanlam's operations from June to December 1918 was equal to that written under the professional market – which was 12% or roughly one tenth of Sanlam's total business.⁹⁸ This meant that individuals in the middle and higher income brackets made up roughly one fifth of Sanlam's client base, which was not particularly large considering that these markets had the greatest access to disposable income. This may be partially explained by the fact that Sanlam endeavoured to operate as an inclusive Afrikaner and South African company early on and that the professional and skilled markets were dominated by foreigners at this stage. The working class was better represented by locals especially in response to industrialisation. For the period July to September 1943 Sanlam's white collar market stood at 18% compared to the professional market which stood at 11% of Sanlam's total business.⁹⁹ This was an illustration of the economic development in the country and Sanlam's expansion into the white collar market.

In 1962 the civil servants segment of the white collar market accounted for R6 767 000 or 3% of Sanlam's premium income.¹⁰⁰ The postal services segment accounted for R3 187 000 or 1% of Sanlam's premium income. These segments of the white collar market compared to 6% premium income generated by the professional market.¹⁰¹ In 1964 civil servants

⁹⁵ Sanlam: Lists and profile of agents appointed, 1954, 1955, 1963.

⁹⁶ Sanlam: Selected Daily Management meetings minutes, 1918-1961.

⁹⁷ Sanlam: *Board meeting minutes*, 27 November 2003.

⁹⁸ Sanlam: Policy register 1.

⁹⁹ Sanlam: Policy register 30.

¹⁰⁰ Sanlam: Memorandum to the Board with regards to production, 1963.

¹⁰¹ *Ibid.*

accounted for R7 197 000 of business and postal workers R2 839 000.¹⁰² The large amount of business from the civil service segment may be attributed to the fact that Sanlam underwrote a group scheme for the Public Servants' Associations of South Africa and South West Africa.¹⁰³ In 1969 this scheme had 16 833 members.¹⁰⁴ In 1974 the amount of new business generated by civil servants stood at R1 090 000 which was more than by any other market including the professional market.¹⁰⁵

In 1980 the clerical segment of the white collar market made up 11.1% of Sanlam's new business premiums and on average spent R336 on a policy, while the managerial and administrative segment made up 10.7% of new business premiums and on average spent R767 on a policy.¹⁰⁶ The public sector market accounted for nearly one third of Sanlam's business in that year.¹⁰⁷ Individuals in the middle income group earning R9000 per year were responsible for 52% of new policies in 1980 and 68% of new premiums. This was more than half of new business and therefore showed the growing importance of the middle income market. This market also spent very well on life insurance. In 1980 the average size of a policy owned by a client in this socio-economic group was R610 compared to the general average of R291.¹⁰⁸ In 1998 individuals in the middle income bracket (R8000-R15000) made up 712 000 of 20% of Sanlam's policyholders, which was three times as large as that of the high end market.¹⁰⁹

¹⁰² Sanlam: *Memorandum to the Board with regards to production*, 17 May 1965; 20 April 1966.

¹⁰³ Sanlam: *Chairman's address*, 1959; Selected advertisements, 1959-2004.

¹⁰⁴ Sanlam: *Memorandum to the Board regarding optional group insurance*, 28 January 1970.

¹⁰⁵ Sanlam: Report on optional group insurance, 17 October 1974.

¹⁰⁶ Sanlam: Marketing report, 10 December 1980.

¹⁰⁷ *Ibid.*

¹⁰⁸ Sanlam: Marketing report, 10 August 1980.

¹⁰⁹ Sanlam: Market size and new business report.

7.4 Blue collar workers

7.4.1 Profile

As part of its economic empowerment goal, Sanlam aimed “to serve all classes of the community”.¹¹⁰ This included lower socio-economic and working class groups. The blue collar market was a large market in a developing economy like South Africa. During the first half of its history for example a large percentage of Sanlam’s clients comprised of Afrikaner miners and railway workers as Sanlam aimed to promote savings amongst this marginalised group.¹¹¹ Other market segments included factory workers, blue collar municipal workers, artisans, protective services (police, army, navy and airforce) and various semi-skilled and unskilled positions.¹¹² With restructuring in the late 1990s the blue collar market was integrated into the emerging market which included both whites and blacks.¹¹³

This market was defined as individuals who earned a monthly income of between R2500 to R8000 per month.¹¹⁴ At the time this market was estimated at 3.2 million and showed great potential for growth particularly in the provinces of Gauteng, Kwa-Zulu Natal and the Western Cape.¹¹⁵ Sanlam’s management recognised the potential of both the group retirement and the emerging markets. “The South African market provides significant opportunities for new growth, given the relatively low penetration of savings and investment products and the untapped emerging market segments.”¹¹⁶

7.4.2 Products

Sanlam provided life insurance for working class and lower socio-economic groups from its inception in 1918 with the establishment of the Industrial Department. The premiums on

¹¹⁰ Sanlam: *Chairman’s address*, 1924.

¹¹¹ Sanlam: Selected advertisements, brochures, *Die Fakkkel*, *chairman’s addresses*, 1918-1960.

¹¹² Sanlam: Selected advertisements, brochures, policy registers and annual reports, 1918-2004.

¹¹³ *Sandaba*, April 2003, p.17.

¹¹⁴ *Ibid*, March 2002, p.1, April 2003, p.2; Sanlam: Market size and new business report, 1998; *Die Fakkkel*, September 1968, p.22.

¹¹⁵ *Sandaba*, March 2002, p.1.

¹¹⁶ Sanlam: *Chairman’s address*, 2004, pp.16-17.

these policies were as little as three pence and could be paid weekly which suited wage earners.¹¹⁷

One of the markets for this type of insurance was miners. The mining market was an important one for Sanlam. This was a reflection of the nature of South Africa's economy in the early twentieth century which was mostly mining and agriculture based. It was also a reflection of Sanlam's empowerment vision and efforts to reach a wider market.

In 1919 Sanlam's Board discussed expanding its operations into Johannesburg where "80% of mine workers were Afrikaners and nationalists and a market for industrial insurance."¹¹⁸ This was an illustration of Sanlam's early efforts to expand into the marginalised and underinsured Afrikaner market and provide a savings mechanism for them.

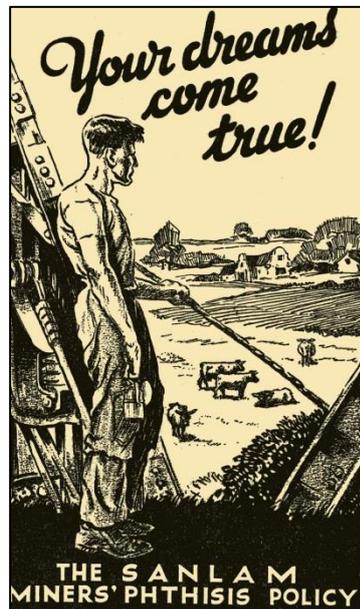
In 1932 Sanlam introduced a special policy for gold miners also known as the Phthisis Policy. It was an endowment policy with an additional phthisis benefit which paid out a cash amount equal to 50% of the sum assured if the policyholder contracted silicosis or tuberculosis during the policy term.¹¹⁹

¹¹⁷ Sanlam: Selected brochures, 1918-1920; Board meeting 28 July 1919, p.20.

¹¹⁸ Sanlam: *Board meeting minutes*, 28 July 1919, p.20.

¹¹⁹ *Ibid*, 21 April 1932, p.101; Brochure: Gold Miner's Policy, 1935.

Figure 10: Brochure for Sanlam's Gold Miner's Policy, c.1935



(Sanlam: Gold Miner's policy, c.1935).

This policy was however not very successful because of the restrictions imposed on miners due to the higher risk involved in their occupation. The company could withhold payment of the phthisis benefit if the insured still performed underground work.¹²⁰ They also did not qualify for accident and disability benefits at this time.¹²¹ The fact that Sanlam imposed these restrictions showed that it based its decisions on risk and profit and not solely on operating as an inclusive South African company.

Sanlam began to ease restrictions on the lives of miners from the early 1950s as other insurers offered more liberal conditions for this market segment. It was decided that premium rates for miners would be determined by the amount of time spent underground.¹²² It was also decided that miners would qualify for accident benefits under certain conditions at selected rates.¹²³

¹²⁰ Sanlam: Brochure: Gold Miner's Policy, 1935.

¹²¹ *Die Fakkkel*, 15 April 1935, p.9.

¹²² Sanlam: Memorandum to the Board, 26 June 1959; Rate books, 1955-1998.

¹²³ Sanlam: Memorandum to the Board, 26 June 1959; Daily Management meeting, 8 July 1959, p.139.

At this time Sanlam was approached to underwrite a pension scheme for North Rhodesian miners who were dissatisfied by the schemes offered by Legal & General and SA Mutual.¹²⁴

In 1964 the Life Offices Association (LOA) – the body regulating life insurance companies in South Africa recommended a decrease in premium rates for mine workers. No recommendations regarding additional benefits such as disability and accident benefits were laid down. Sanlam's Board was prepared to accept the LOA's tariff's for miners, but retained its conditions for special benefits based on different categories of mine workers for example time spent underground.¹²⁵ This shows that Sanlam's policy towards different market segments was also influenced by outside factors such as market trends, legislation and regulation.

In the 1980s surface miners and those working less than ten hours per week underground were not subjected to a loading or extra premium.¹²⁶ The mining market continued to be an important market throughout Sanlam's history. Later the National Mineworker's Union became a client of Sanlam's group pension schemes.

Another important market segment was railway workers and other transport workers. Like the mining market this market also had a strong Afrikaner representation. It was also a market exposed to additional risk and therefore subject to certain restrictions. This once again illustrated the business and profit motive of Sanlam's operations rather than the empowerment one. These types of restrictions were also applied to other hazardous professions such as construction workers, firemen, factory workers, electricians and explosives handlers.¹²⁷

¹²⁴ Sanlam: Memorandum to the Board with regards to pension scheme for North Rhodesian mine workers.

¹²⁵ Sanlam: Memorandum to the Board, 22 January 1965.

¹²⁶ Sanlam: Selected rate books, 1980s.

¹²⁷ Sanlam: Policy register 30; rate books, 1978; Daily Management meeting, 5 June 1929, p.213.

The railway market was an important one as it was a market for group insurance and stop order business which insured a large and regular client base.¹²⁸ It was also a means to access the underinsured Afrikaner market. Group schemes underwritten under this market by Sanlam included non-office staff of South African Railways and Harbours, the OVS Padwerkersbond, United Transport, Transnet, the South African Transport Service and the Union of Train Personnel.¹²⁹ Sanlam also underwrote schemes for the motor industry including Van Roux Motors, SA Motor Assemblers and Distributors.¹³⁰ Other industries underwritten by Sanlam included the chemicals industry (Sasol) and iron and steel (Yskor).¹³¹

Another segment of the blue market underwritten by Sanlam was the various protective services including the army, navy, air force, police force and correctional services. Sanlam was established shortly before the end of the First World War, but a war clause applied to individuals engaged in military service at this time. This clause was removed in 1919.¹³² However war clause restrictions still applied to members of the air force and individuals involved in military aviation.¹³³ This shows that these lives were considered particularly high risk. In the mid 1920s Sanlam's Board discussed whether these risks should be accepted at all. The underwriting of these lives was temporarily suspended until they were allowed again at the end of the decade with a loading.¹³⁴

The war clause was reintroduced by the LOA (Life Offices Association) during the Second World War. According to this clause if death of the insured occurred outside of the Union due to military activities in which the Union was participating the company's responsibility would be limited to the surrender value of the policy as long as compensation was payable by the government.¹³⁵ This was applied to all new policies. Section 21 of the Insurance Act 1923

¹²⁸ Sanlam: Selected advertisements and rate books, 1955-2004.

¹²⁹ *Die Fakkkel*, 7 July 1976; Sanlam: Selected brochures, 1986-1998.

¹³⁰ Sanlam: Memorandum to the Board regarding optional group schemes, 1957-1958.

¹³¹ Sanlam: Memorandum to the Board, 24 April 1956; Board meeting minutes, 20 August 1975, p.54; Selected advertisements and brochures, 1959-2004.

¹³² Sanlam: Board meeting minutes, 29 October 1919, p.23.

¹³³ *Ibid.*, 21 July 1938, p.175; *Die Fakkkel*, 7 July 1938.

¹³⁴ Sanlam: Daily Management meeting, 21 April 1926, p.163; 14 March 1928, p.256; Letter from the general manager regarding aviation, 29 April 1926.

¹³⁵ Sanlam: Memorandum to the Board with regards to war and military aviation clauses on life insurance policies, 1939-1946; Chairman's address 1940, p.1; Rate book 1945, p.2.

and article 38 of the Insurance Act 27 of 1943 prevented life insurance companies from excluding war risks in which the Union was participating.¹³⁶ The war clause meant that companies could exclude war risks provided military activity took place outside of the Union and where the government would be liable to pay compensation to the insured and or his dependents.¹³⁷ Sanlam usually accepted lives involved in military aviation within the Union and surrounding areas at an extra premium, but this was suspended during the War and the war clause came into effect. 132 policies were affected by this.¹³⁸ This once again illustrates that Sanlam's policy towards certain market segments was influenced by outside forces and not always its own strategy and vision.

Further amendments took place in response to the Korean War in 1950. The war clause was amended to include wars in which the Union was not participating. This applied to all new policies on the lives of members of the army, navy and ground personnel of the South African air force and royal navy.¹³⁹

War risks, especially aviation risks were reconsidered by life insurance companies following the outbreak of the Korean War. Attempts by the LOA to reach an agreement on aviation failed and in future each company would be able to handle these cases on their own.¹⁴⁰ Sanlam decided to do away with the war clause on members of the army and navy and introduce a separate clause for the air force.¹⁴¹ According to this clause individuals with less than three years experience in aviation were subject to an aviation clause according to which all aviation risks except regular passenger risks and military passenger risk within the Union and certain areas. Military aviation within the Union and certain areas would be insured at an extra premium.¹⁴² If death should occur as a result of participation in military aviation the company's responsibility would be restricted to the cash value or premiums paid on the policy.¹⁴³ In other words all civil aviation risks were accepted at an extra premium.¹⁴⁴

¹³⁶ Sanlam: *Chairman's address 1940*, p.1; Memorandum to the Board, 20 November 1950.

¹³⁷ *Ibid*; Rate book, 1945, p.11.

¹³⁸ Sanlam: Memorandum to the Board, 18 July 1951.

¹³⁹ *Ibid*, 20 November 1950.

¹⁴⁰ *Ibid*, 1956.

¹⁴¹ *Ibid*.

¹⁴² *Ibid*.

¹⁴³ *Ibid*, 7 March 1952.

¹⁴⁴ *Ibid*, 1956.

Military aviation in the Union and certain surrounding areas were also accepted at an extra premium.¹⁴⁵

Conditions were not as strict for members of the army. No clause was enforced on members of the army. The reason for this was that the company expected most of these individuals to act as instructors and not to participate actively in military activities. Therefore the risk posed by these prospects was no greater than that of civilians of the same age. Therefore these lives should not be subject to a war clause. The company was prepared to insure members of the army under ordinary insurance without compliance to the war clause.

Underwriting of members of the navy and the air force was more complicated as their training was longer and the likelihood of active participation in military activities greater. Despite this Sanlam was prepared to underwrite group schemes for the South African navy and airforce and remove restrictions on members of these groups if competition required it. The reason for this was that other companies were more lenient towards these groups. Southern Life for example was prepared to accept full war risks under the scheme for the navy.¹⁴⁶ Therefore to remain competitive Sanlam would have to ease restrictions on these lives. This showed a profit motive to Sanlam's strategy. Sanlam's management also felt that that ordinary group insurance for these lives was no less important than for members of the army. This again showed an inclusiveness motive.

The issue of managing military risks came up again with compulsory conscription during the Apartheid years. It was complicated by the fact that these risks would include civilians. Restrictions on disability and accident benefits for this group were temporarily removed in 1976.¹⁴⁷ In terms of aviation premium rates were determined by the amount of time spent in the air.¹⁴⁸ If the insured discontinued this activity the loading would be removed. Pilots and aircrew of South African Airways (SAA) flights were insured at normal rates. In the event of a military liability Sanlam's responsibility would be restricted to the cash value of the policy

¹⁴⁵ *Ibid.*

¹⁴⁶ *Ibid.*, 10 December 1957; 23 November 1956.

¹⁴⁷ Sanlam: Board meeting minutes, 8 February

¹⁴⁸ Sanlam: Rate books, 1976, 1983.

according to the Insurance Act.¹⁴⁹ Members of the police force and correctional services were also subject to certain restrictions based on risk.¹⁵⁰ Sanlam also underwrote group schemes for this market segment.¹⁵¹

In terms of the entry-level market, Sanlam developed affordable low premium products to meet the needs of this market. This included savings, funeral and life insurance products such as the Halala Savings Plan. The Halala Savings Plan was a contractual savings plan on which the premiums were as little as R50 per month. This product was aimed at individuals with an income of less than R10 000 per month.¹⁵² It was also a potential market for group insurance through Sanlam's negotiations with small private businesses and trade unions. "The entry-level market is regarded as the growth area for most financial services organisations hence the proliferation of smaller industry players. Considering our distribution model we have to distribute through groups and driver large volumes. We have therefore approached a number of very large organisations to seek partnership".¹⁵³

7.4.3 Marketing

Sanlam targeted the blue collar market by publishing advertisements in various company and industry magazines and newspapers. For the mining market this included publications in areas where much of the mining activity took place such as the Transvaal. These publications included *Die Transvaler* and the *Transvaal Times*.¹⁵⁴ Sanlam had already established a branch in the Transvaal from its inception in 1918 to access this market.¹⁵⁵ Sanlam achieved its first half a million business in this region as an indication of the importance of this market.¹⁵⁶ A Johannesburg branch was established in the early 1920s followed by a second branch there in 1937.¹⁵⁷ In 1955 about one fifth of Sanlam's advertising budget was spent on

¹⁴⁹ Sanlam: Selected rate books, 1978-1983.

¹⁵⁰ Sanlam: Policy register, September 1943.

¹⁵¹ Sanlam: Selected advertisements, brochures and rate books, 1955-2004.

¹⁵² Sanlam: Annual Report, 2004.

¹⁵³ *Sandaba*, November 2003, p.2.

¹⁵⁴ Sanlam: Board meeting minutes, 25 April 1919, p.17; *Die Fakkkel*, 1918-1935; selected advertisements, 1961-1975.

¹⁵⁵ *Die Fakkkel*, 15 November 1935, p.6.

¹⁵⁶ *Ibid.*

¹⁵⁷ *Ibid*; *Die Fakkkel*, 7 November 1938, pp.26-27.

advertisements in the Transvaal.¹⁵⁸ Another mining region targeted by Sanlam was Klerksdorp where gold and uranium mining took place. It had a population of 53 000 in the mid-1960s. Sanlam established a branch there.¹⁵⁹ Other publications directed at the mining market in which Sanlam advertised included the *Diamond Fields Advertiser* and the *MSCA – Mining Journal*.¹⁶⁰

Railway workers were attracted through advertisements in publications such as the *SAR & H Employer's Review*, the *Salstaff Bulletin* and *AP Tydskrif*.¹⁶¹ In 1959 Sanlam offered incentives of R240 per month to agents canvassing the railway market if they underwrote at least 75% business amongst this market.¹⁶² Sanlam had a railway organisation in the Witwatersrand.¹⁶³

Other publications aimed at blue collar workers in which Sanlam advertised included: *Bouweekblad*, *SA Industry & Trade*, *The SA Worker*, *the Manufacturer*, Yskor's company magazine and *Sasolnuus*.¹⁶⁴ About one tenth of Sanlam's advertising budget was directed at advertisements in these types of publications aimed at workers in trade and industry in 1955.¹⁶⁵

Sanlam targeted workers in the protective service through advertisements in publications such as *Kommando* (army), *Paratus* (army), *Lugmagdag* (airforce), Ysterplaat Airbase program (air force), *Justicia* (police), *Servamus* (police), *Nexus* (correctional services) and *SA Police Yearbook*.¹⁶⁶

¹⁵⁸ Sanlam: Advertisements budgets, 1955.

¹⁵⁹ *Die Fakkell*, December 1965, p.17.

¹⁶⁰ Sanlam: Selected advertisements, 1918-1998.

¹⁶¹ Sanlam: Selected advertisements and brochures, 1989-1990.

¹⁶² Sanlam: Memorandum with regards to allowances, 8 September 1959.

¹⁶³ Sanlam: Daily management meeting minutes, 30 March 1955.

¹⁶⁴ Sanlam: Selected advertisements and brochures, 1918-2004.

¹⁶⁵ Sanlam: Advertisements budgets, 1955.

¹⁶⁶ Sanlam: Selected advertisements and brochures, 1918-2004.

The approach used to target the blue collar market was similar to that used to target the white collar market. These advertisements acknowledged the role that blue collar workers especially those in the protective services played in society and the role that Sanlam in turn would play in serving them. This was achieved through slogans such as “protecting those who protect others” (group scheme for the South African police), “watching over those who watch over others” (group scheme for the South African prison services) and “protecting your country teaches you a lot about life protection” (group scheme for the South African army).¹⁶⁷ The insuring of the various protective services could have both a positive and a negative impact on Sanlam’s image as a company. Individuals in the protective services were usually highly regarded in society and by insuring this market Sanlam raised its own visibility and the trust that the public had in the company. At the same time underwriting of the armed forces could be interpreted as supporting the Apartheid state.

In terms of Sanlam increasing its reach and including entry-level clients in the 1990s and 2000s, the demutualisation of the company in 1998 and the allocation of shares to the public contributed towards Sanlam’s image as an accessible company.

7.4.4 Size

During the first six months of Sanlam’s operations from June to December 1918 the amount of business written under the blue collar market was equal to that written under the white collar and professional markets.¹⁶⁸ By 1943 (July –Sept) blue collar business had grown to 28% of Sanlam’s total business compared to 18% white collar and 11% professional business.¹⁶⁹ The growth in blue collar business may be attributed to the impact of World War II and industrialisation and the growth in trade and industry. It was during this time that Sanlam began underwriting group schemes for private companies, government departments and parastatals. The rise may also be attributed to the easing of restrictions on the lives of armed forces.

¹⁶⁷ Sanlam: Selected advertisements, 1986-1998.

¹⁶⁸ Sanlam: Policy register 1, 1918.

¹⁶⁹ Sanlam: Policy register 30.

Railway workers in particular made up a sizable portion of Sanlam's client base.¹⁷⁰ In 1935 railway workers and teachers in the Transvaal contributed £40 000 in premium income towards Sanlam's business.¹⁷¹ In 1954 Sanlam's stop order business for railway workers was the largest of all companies in South Africa. In Johannesburg railway stop order business generated £10,380 per month for Sanlam compared to £2,980 per month for Colonial Mutual.¹⁷² Sanlam's railway and mining business was concentrated in the Transvaal during this time and a large percentage of this market was Afrikaans. This once again demonstrated Sanlam's presence in the Afrikaner market early on in its history.

¹⁷⁰ *Die Fakkkel*, 1932-1938.

¹⁷¹ *Ibid.*

¹⁷² Sanlam: Memorandum to the Board regarding stop orders, 17 August 1954.

Table 20: Sanlam's share of the blue collar market (per market segment), 1962

	Premium income	% of business
Mining	£7 831 000	3%
Railways	£16 865 000	6%
Trade	£31 926 000	11%
Industry	£24 769 000	3%
Iron and steel	£16 850	9%
SA Iron & Steel Association	£20 421	0.5%
Yskor	£396 429	9%
Defense force	£320 612	7%
Army	£160 129	3.5%
Navy	£42 991	0.9%
Air force	£117 492	3%
Police and correctional services	£121 400	3%
Police	£35 339	1%
Correctional services	£86 061	2%

(Sanlam: Memorandum to the Board with regards to production 1963; Memorandum to the Board, 18 April 1964; Memorandum to the Board with regards to optional group insurance, 30 September 1962).

In 1962 the mining market made up 3% of Sanlam's total client base and was larger than Sanlam's civil servants market which contributed £6 767 000 to Sanlam's premium income in the same year.¹⁷³ Railway workers accounted for 6% of Sanlam's client base and was larger than the entire professional market in this year.¹⁷⁴ Over all business from trade and industry from which the blue collar market was derived accounted for 11% and 3% of Sanlam's client base respectively, which was a large section of Sanlam's client base.

Another large market was workers in the iron and steel industries, which accounted for 9% of Sanlam's business in 1962. Collectively the protective services which included members of the army, navy, air force as well as the police and correctional services made up 10% or one tenth of Sanlam's total client base in this year.

Sanlam's share of these markets remained more or less constant throughout the decade except for the protective services market which grew considerably as restrictions were eased on this market and compulsory conscription was introduced. Railway and defense force business individually exceeded that of the civil servants market and the trade and industry market exceeded the professional market.¹⁷⁵ This was an indication of the size and importance of the blue collar market.

In 1970 new business in the Transvaal, which was South Africa's centre for industry and mining had risen by 42% of Sanlam's total business was underwritten there. Business in this province was not limited to a few larger cities, but was spread out throughout the province.¹⁷⁶

In 1974 the protective services collectively made up one quarter (26%) of Sanlam's new business. This was greater than the percentage of new business generated by professionals (15%) and civil servants (22%) as a further indication of the importance of the blue collar

¹⁷³ Sanlam: Memorandum to the Board regarding production 1963.

¹⁷⁴ *Ibid.*

¹⁷⁵ Sanlam: Memorandum to the Board regarding production, 17 May 1965; Memorandum to the Board 10 November 1964; Memorandum to the Board with regards to optional group insurance, 28 January 1970.

¹⁷⁶ *Die Fakkkel*, 11 December 1970, p.1.

market.¹⁷⁷ The size of the mining market was maintained to 1970 when it stood at 6% of Sanlam's total business. In the same year the apprentices market which was an up and coming market made up 14.8% of Sanlam's client base and on average spent R361 on life insurance.¹⁷⁸ The size of the railway market also remained consistent and stood at 5% of Sanlam's total client base in 1980.¹⁷⁹ Overall the blue collar market remained a core market throughout Sanlam's history and would become an important market for Sanlam Employee Benefits.

Out of the income categories: affluent, middle income and entry level the entry level market made up the largest section of Sanlam's client base. This market made up R1 423 000 or 41% of Sanlam's total clients in 1998 and 38% of new business.¹⁸⁰

7.5 The Self-employed and business market

7.5.1 Profile

The self-employed market included individual who earned their own income by working for themselves and not an employer for a salary. This market included business owners, entrepreneurs or individuals performing some trade.¹⁸¹ One of the most important segments of the self-employed market was farmers. South African was still a largely agriculture based economy at the time of Sanlam's establishment. This was especially true of the Afrikaner population. In 1959 there were 106 000 farming operations in South Africa. 39 000 of those were located in the Cape Province, 37 000 in the Transvaal, 20 000 in the Orange Free State and 10 000 in Natal. Sanlam had branches in each of these provinces.¹⁸²

Later the self-employed market was expanded into the business or retail market which included owners and partners in private companies, small to medium sized enterprises,

¹⁷⁷ Sanlam: Report on the state of optional group schemes, 7 October 1974.

¹⁷⁸ Sanlam: Marketing report, 19 April 1978.

¹⁷⁹ Sanlam: Marketing report, 10 December 1980.

¹⁸⁰ Sanlam: Market size and new business report, 1998.

¹⁸¹ *Die Fakkkel*, 1 March 1933, p.7; 15 August 1933, p.5; 15 October 1933, p.9; 15 October 1933, p.9; 15 April 1933, p.4; 7 July 1937, p.11.

¹⁸² Census South Africa, *Die Fakkkel*, January 1963, p.2.

partnerships and close corporations as well as self-employed individuals (including professionals and retirees), entrepreneurs and farmers.¹⁸³

7.5.2 Products

The self-employed market was not a traditional market for life insurance and group insurance as these individuals did not work for an employer. This however meant that they would have to make their own provisions for their retirement and in some cases that of their employees. Therefore they were a market for Sanlam's Retirement Annuities, private pension plans, investment products and small business solutions.¹⁸⁴

Specific products were designed and introduced for the business and self-employed markets. One of these was the Partnership policy. This policy protected against the loss of a partner or shareholder due to death, disability or retirement. In the case of death it paid out at the first death of one of the partners, thereby insuring that the business could continue. It allowed for the payment of the partner's share to dependents without claims on the assets or capital of the company. It therefore protected the interests of the firm.¹⁸⁵ The same function could be fulfilled by a joint policy or the One Policy for Two.

Another special product directed at this market was key person insurance. It protected against the loss of a key employee. It covered the expenses that would be incurred in order to replace such an employee.¹⁸⁶ Deferred compensation was another special policy which could be taken out on the lives of key employees. Instead of giving these employees taxable increases this product paid out a fixed amount at the end of a selected term of which the first R15 000 was tax free. This could also be used towards retirement of the employee.¹⁸⁷ This could also be achieved through products such as the Early Compensation Platform and the One Endowment on Employees which made cash available for retirement that was tax-free or tax

¹⁸³ *Sandaba*, April 2002, pp.9-11; Sanlam: Annual Report, 2002, p.3; Marketing report July 1999.

¹⁸⁴ Sanlam: Selected advertisements and brochures, 1918-2004.

¹⁸⁵ *Ibid*, *Die Fakkkel*, 7 August 1938, p.17.

¹⁸⁶ Sanlam: Selected brochures, 1961-2004.

¹⁸⁷ *Ibid*.

deductible.¹⁸⁸ Often these small businesses were not large enough to qualify for Sanlam's group schemes therefore Sanlam had tailor-made products to meet the retirement needs of the small business market. Nexus was a financial services solutions portfolio which assisted the owners of small to medium sized businesses to manage their businesses and make provision for employees. This included risk, retirement and medical cover for employees and tax, legal and accounting services for owners.¹⁸⁹ The market for Nexus was estimated at 200 000 businesses.¹⁹⁰

The farming market was an important segment of the self-employed market. Sanlam introduced products that were specifically designed to meet the needs of this market. One of these products was the Estate or Probate policy and other estate management services as farmers were landowners and had large estates that would have to be managed at death.¹⁹¹ From the 1960s mortgage financing schemes such as Sanbond were introduced which assisted farmers with the purchasing of agricultural land and equipment.¹¹⁸⁵ Sanfin introduced in the 1980s was a mortgage financing scheme that assisted both farmers and small businesses with large purchases. Sanlam also introduced products which assisted farmers with surety on loans and the repayment of debts such as the Credit Protector, the Surety Protector, the One Policy for Mortgage Bonds. Mortgage insurance was a death benefit which decreased to cover the outstanding debt under a mortgage loan.¹⁹² Penkoop was a Retirement Annuity for agricultural co-operatives underwritten by Sanlam.¹⁹³ Farmers were also a market for investment products and private retirement plans such as the One Plan for the Farmer.¹⁹⁴ Sanlam also had a provident fund for farm workers.¹⁹⁵

As was the case with the blue collar market restrictions and loads applied to certain segments of the self-employed market who were exposed to higher risk. This included individuals who were involved in the trading of liquor. Examples included hotel owners, barmen and wine

¹⁸⁸ *Ibid.*

¹⁸⁹ *Ibid.*

¹⁹⁰ Sanlam: Nexus Financial solutions brochure, 2002.

¹⁹¹ *Die Fakkkel*, 7 September 1936, p.9; 7 October 1937, p.2; Selected advertisements and brochures, 1918-2004.

¹⁹² Sanlam: Rate books, 1985.

¹⁹³ Sanlam: Board meeting minutes, 9 December 1981, p.107; Selected rate books, 1980-2004.

¹⁹⁴ Sanlam: Selected advertisements and brochures, 1986-1998.

¹⁹⁵ *Ibid.*

stewards.¹⁹⁶ Sanlam followed the American and British example of applying loadings or extra premiums to hotel owners and managers especially with bar and canteen owners and managers.¹⁹⁷ Certain professional sportsmen such as jockeys, wrestlers and racing drivers were also subject to a loading or higher premium.¹⁹⁸

7.5.3 Marketing

The approach to the targeting of the self-employed market was much the same as the approach to the targeting of the other markets with the additional focus of financial independence. Sanlam advertised in business, industry, trade and company publications that were relevant to this market.

The element of fear was used to canvas this market. Some of the risks presented in the promotional material included loss of a business partner, loss of a key employee, loss of value of an estate and being stranded without a retirement income. Sanlam offered protection against these risks. The company's promotional material also made use of incentives such as tax reductions to attract the self-employed market.

As the farming market was such an important part of Sanlam's business, a significant share of Sanlam's advertising budget was dedicated to the targeting of this market. In 1955 an amount of £894.9.0 was spent on advertising for this market out of a total budget of £5503.0.0.¹⁹⁹ Sanlam advertised in agricultural publications such as *Transvaalse Boer*, *Landbouweekblad*, *Farming in SA*, *Farmer's Weekly*, *Georganiseerde Landbou*, *Marino*, *SWA Boer*, *Graaff Reinett Landbou* and *Effective Farming*. Sanlam had a manager who specifically focused on the targeting of the farming market – Mauritz Bekker.²⁰⁰ This is a further indication of the importance of the farming market. When Sanlam introduced the Penkoop retirement scheme

¹⁹⁶ *Die Fakkkel*, 15 September 1935, p.9.

¹⁹⁷ Sanlam: Selected rate books, 1919-1985.

¹⁹⁸ *Ibid*, 1976-1998.

¹⁹⁹ Sanlam: Advertising budget, 1955.

²⁰⁰ *Die Fakkkel*, 27 November 1992, p.1.

for farmers it approached leaders of the agricultural cooperatives for advice on how to target this market.²⁰¹

Sanlam raised its image in the farming market by investing in agricultural property and issuing loans to farmers. “This Company has very large rural connections and it is only natural that it should reciprocate by investing largely in farm property.”²⁰² Sanlam also sponsored agricultural seminars.²⁰³ Another way in which Sanlam earned the trust and loyalty of farmers was by reducing premium on the lives of farmers during times of drought.²⁰⁴ Despite losses that may occur as a result of this, it was a way to retain the important farming market. Sanlam operated in farming areas. “The greater part of (its) business is obtained from the Country districts”²⁰⁵

7.5.4 Size

During the first six months of Sanlam’s operations from June until December 1918 the self-employed market made up one third (33%) of Sanlam’s client base.²⁰⁶ Farmers made up 26% of this market and therefore one quarter of Sanlam’s total market making it Sanlam’s largest market segment at that time.²⁰⁷ This can be explained by the fact that agriculture was the main economic activity of South Africa at the time. Skilled and professional positions were mostly taken up by foreigners at the time, which explains why these markets were smaller. This suggests that Sanlam did in fact carry out its vision to operate as a South African company. The distribution of the self-employed and farming markets was maintained to 1943 (July-Sept) when these markets stood at 28% and 20% respectively.²⁰⁸

²⁰¹ Sanlam: Board meeting minutes, 9 December 1981.

²⁰² Sanlam: *Chairman’s address*, 1928, p.1.

²⁰³ *Sandaba*, August 2004, p.113.

²⁰⁴ *Die Fakkkel*, 24 February 1984, p.1.

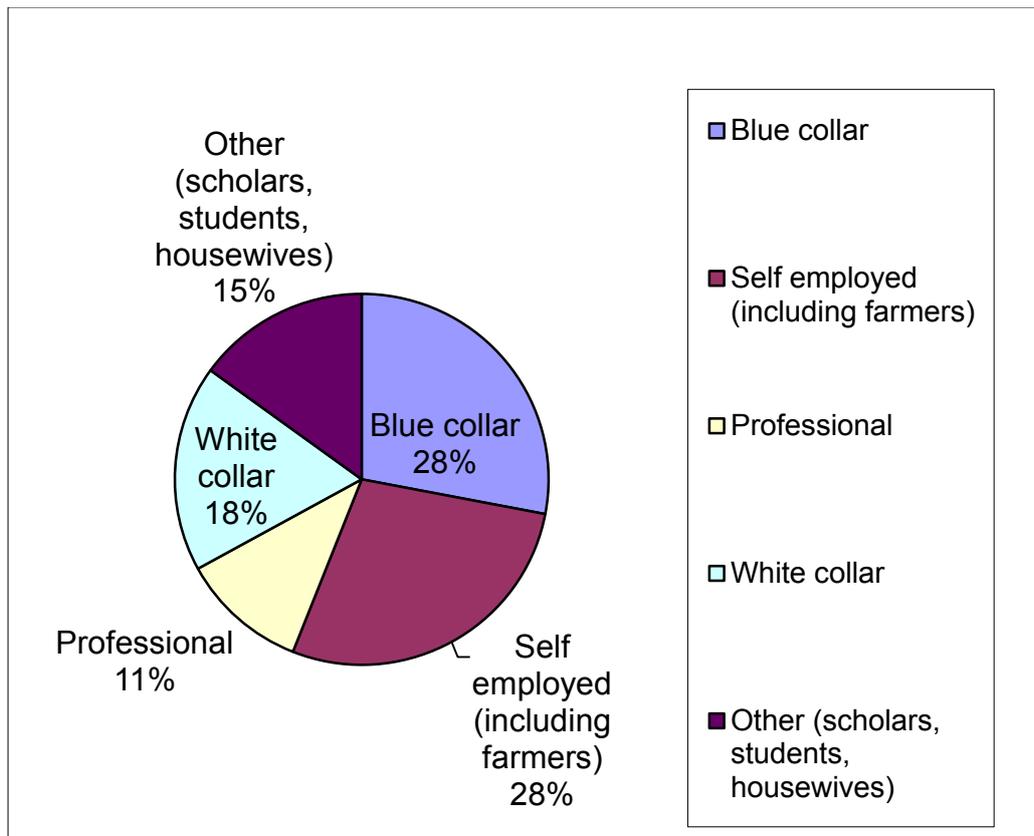
²⁰⁵ Sanlam: *Chairman’s address*, 1927, p.5.

²⁰⁶ Sanlam: Policy register 1.

²⁰⁷ *Ibid.*

²⁰⁸ Sanlam: Policy register 30.

Figure 11: The socio-economic profile of Sanlam's client base, July-Sept 1943



(Sanlam: Policy register 30).

The slight drop in the size of the farming market may be attributed to the interruption in production caused by the Second World War as well and the changing nature of the economy as a result of wartime industrialisation. It was also one of the after effects of droughts which impacted the country during the 1920s and 30s.²⁰⁹ One such drought affected the Transvaal in 1924 and production amongst farmers was lower than usual. The sixteen agents operating in the Transvaal at that time only produced £15 000 business per month and the size of the farming market dropped to 18% of Sanlam's total business. The slump was also attributed to ineffective agents.²¹⁰

²⁰⁹ *Die Fakkkel*, 2 April 1971, p.2

²¹⁰ *Ibid*, Policy register 3.

In 1964 farmers contributed R38 955 000 to Sanlam's premium income making it Sanlam's largest market segment followed by trade which contributed R35 225 000.²¹¹ In 1977 farmers made up 27% of Sanlam's total client base.²¹³ At this stage farmers and professionals were Sanlam's largest markets.²¹⁴ In 1980 farmers on average spent R274 on insurance which was more than what clerks, managers and doctors spent at that time.²¹⁵ The farming market would remain an important core market throughout Sanlam's history.

The business market was another important market segment especially during the second half of Sanlam's history. Between 1993 and 1996 the number of registered Close Corporations and private companies increased by 19.2%.²¹⁶ This may be attributed to the opening up of the economy after Apartheid. This showed the growing potential of the business market. In 1998 the business market contributed R170 000 or 5% to Sanlam's new business. In 1999 the business market was responsible for 5.6% of re-occurring premiums. In 2002 this market contributed 11.3% to Sanlam's annual premiums.²¹⁷

7.6 Conclusion

Based on the socio-economic profile of Sanlam's client base Sanlam did not comply with a traditional market for life insurance. Rather it adapted to conditions in the market and country to remain relevant and competitive as well as following its internal vision. Its clients ranged from affluent professionals to lower income working classes and business owners. This profile suggests that Sanlam achieved its vision of operating as an inclusive South African company. This was further highlighted by Sanlam's targeting and significant share of the blue collar and entry level markets.

Farmers and teachers were two of the main market sectors identified in Sanlam's client profile. This was a reflection of the nature of the South African economy, the risk profile and

²¹¹ Sanlam: Memorandum to the Board regarding production, 10 November 1964; 17 May 1965.

²¹³ Sanlam: Marketing report, 19 April 1978.

²¹⁴ *Ibid.*

²¹⁵ Sanlam: Marketing report, 10 December 1980; 18 November 1981.

²¹⁶ Census, 1996; Sanlam: Nexus financial solutions, 2002.

²¹⁷ Sanlam: Nexus financial solutions brochure, 2002, p.24.

insurability of these clients, the value that Sanlam attached to these clients and Sanlam's vision. This chapter also showed that Sanlam was an important provider of individual and group pension schemes in the absence of sufficient provision by the state. This speaks of the wider role that Sanlam played in society as a savings institution.

CHAPTER 8: CONCLUSION

This study has analysed the demographic profile of Sanlam's client base from 1918 to 2004 in order to demonstrate its transformation into a diversified financial services group and to comment on its identity as a company. The profile of Sanlam's client base remained fairly stable during the first half of its history. During this time Sanlam gained a foothold in the Afrikaans-speaking market. This supports the popular perception of Sanlam as an Afrikaans-orientated company associated with this period in its history. However this client profile needs to be explained in terms of the political, social and economic climate in which it occurred.

The life insurance industry had been operating in the Cape for nearly a century at the time that Sanlam was established and had a strong British tradition. Sanlam was the only life insurance company at the time which conducted business in Afrikaans and directly targeted the Afrikaans-speaking market. It therefore appealed to this market. The targeting of the under-insured Afrikaans-speaking market represented a means through which the young company could ensure its uniqueness and competitiveness in an established industry. Sanlam's position in this market was strengthened by the rise of Afrikaner nationalism in the early part of the twentieth century.

The targeting of the Afrikaans-speaking market was not only motivated by profit, but also by nationalism. Afrikaners were excluded from the mainstream economy as positions in commerce and industry were mostly taken up by British nationals. This also explains why Sanlam had a strong presence in the farming and working class markets during the first half of its history as these were the main economic activities of Afrikaners at the time. Through life insurance Sanlam mobilised savings which were invested in the development of local commerce and industry which in turn created employment and increased Afrikaner participation in the mainstream economy. This took place roughly from 1940 to 1985 through Sanlam's various subsidiaries, business interests and strategic investments. This role in economic empowerment through investment has been the focus of much of the previous

research on the history of Sanlam and has contributed to the popular image of Sanlam as an Afrikaans-orientated company. This focus only concentrated on a certain aspect of Sanlam's history and for a selected period and therefore does not form a complete picture of its identity as a company. Sanlam's investment strategy was not only geared towards the empowerment of the Afrikaner people, but to that of the South African population as a whole which was largely under British control at the beginning of the twentieth century.

Despite the prevalence of the Afrikaans-speaking market during the first half of its history, Sanlam operated as a bilingual company from its inception in 1918. This was a reflection of the nature of the business environment at the beginning of the twentieth century which had a strong English character as well as Sanlam's vision to operate as an inclusive South African company. There is also evidence that Sanlam conducted business in German and African languages during this period as an illustration of its uniqueness and inclusiveness in a competitive market.

Sanlam included Africans in its client base from 1918 through industrial insurance although it was a very small market. It also targeted Africans through group schemes for teachers and other professionals. The coloured population formed an important segment of the Afrikaans-speaking market. The underwriting of the African market was an illustration of Sanlam's national identity and efforts to include marginalised groups in its client base in a similar way as it included the Afrikaans-speaking population. Sanlam's small share of the African market was not uncharacteristic for the time considering the higher mortality rate associated with this market at the time. There was a lack of reliable data on the mortality experience of Africans at this stage. Sanlam like other companies still relied on British mortality tables. The restrictions imposed by Sanlam and other companies on this market was based on risk and not race. The African market was not yet an established market for life insurance. Like the Afrikaans-speaking market this market was excluded from the mainstream economy at the time. This was complicated by Apartheid legislation which restricted the movement of Africans. The African population was still largely rural. As discussed in Chapter 1 urbanisation was one of the drivers for life insurance demand as it created dependence on income earned outside of the home. This explains why migrant labourers were one of the market segments for life insurance and more specifically industrial insurance. Another

important market segment was African professionals especially teachers who were a market for group insurance. This market had a higher socio-economic status than other Africans and therefore posed a lower risk to the company. The African population had different cultural beliefs with regards to death and provision for dependents which affected its demand for life insurance. The underwriting of this market despite its lower demand and higher risk was a testament to Sanlam's efforts to operate as an inclusive South African company and to maintain its competitiveness in an established market.

Although the traditional male breadwinner market was a core market during the first half of Sanlam's history, its products were adjustable to the changing needs of individuals at various stages of the lifecycle including young adults and retirees. This was a further indication of Sanlam's inclusiveness and innovation. Sanlam introduced alternatives to typical life insurance products, such as the Ideal Policy which paid out a regular income to dependents instead of a lump sum, to ensure its competitiveness. Sanlam already began offering ancillary financial services such as disability benefits, interest free loans on operations, accident and sickness benefits, estate planning services, savings and investment products and private pension plans during this period in its history.

Despite its strong presence in the Afrikaans-speaking market and the patriarchal beliefs held by this group, Sanlam included women in its client base during the first half of its history. Although as was the case with the African market the size of the female market was small due to the higher risk associated with this market the time and the lack of accurate data on the mortality experience of women. Women were also not the most economically active section of the population at this time and therefore provision did not usually have to be made against the loss of their income. The inclusion of women who were not a traditional market for life insurance at the time supports the image of Sanlam as an inclusive national institution. However policies were taken out on the lives of wives and daughters by their husbands and fathers. This showed a recognition of the role that women played within the home, whether financial or otherwise and the costs that would have to be incurred to replace this role. This was especially relevant in the farming community. During this period in Sanlam's history women were usually the beneficiaries and not the purchasers of life insurance. They therefore formed an important part of Sanlam's marketing strategy.

A large proportion of Sanlam's clients came from the working class during the first half of its history while traditionally the market for life insurance was the middle class. The reason for this deviation was that the South African economy was dominated by British companies at the beginning of the twentieth century and positions in business and the professions were usually taken up by British nationals. The inclusion of the working class was also part of Sanlam's strategy to make life insurance accessible to a wider market and to gain an advantage over its competitors that had more traditional client profiles. Sanlam targeted the working class market through the provision of industrial insurance from its inception and through group insurance and pension schemes for workers from the 1920s. Miners and railway workers were important segments of the working class market as they were strongly represented by Afrikaners and reflected important sectors of the South African economy. This was also the case with Sanlam's large farming market segment during this period in its history.

Although Sanlam attracted a predominantly Afrikaans-speaking client base during the first half of its history this was in response to market conditions and it did not mean that Sanlam excluded other markets. Sanlam began to expand further into the English-speaking, African and female markets from the 1960s as the political, social and economic context in South Africa changed and these markets became increasingly important. By 2004 the distribution between English and Afrikaans; African and white and female and male clients was fairly evenly balanced. Therefore in terms of its client profile Sanlam had achieved its vision of operating as an inclusive South African company. By this time Sanlam had also begun to expand its business internationally. Although it previously operated in neighbouring African countries it now began to serve markets in other developing regions including India.

Sanlam's transformation into a financial services group required capital and to achieve this it would have to expand its client base. One of the reasons for Sanlam's expansion into the English-speaking market was that other companies especially Old Mutual had a large share of this market and to remain competitive Sanlam also had to increase its share of this market. Sanlam's expansion into the English-speaking market was also part of its strategy to re-image itself especially with the collapse of Apartheid as it did not want to be associated with the

Apartheid state. This was especially important as Sanlam expanded its interests internationally.

The socio-economic status of Africans and women improved during the second half of Sanlam's history which made these more attractive markets for life insurance. Women were for example identified as having a higher life expectancy than men. Therefore the premiums on these lives were reduced. The removal of restrictions on the lives of Africans and women made it easier to access these markets. The removal of Apartheid legislation made the African market more accessible and it became more socially acceptable to insure this group. The African market was identified as a market with great potential for growth as it was the fastest growing section of the South African population. Sanlam improved its image in the African market through its BEE deals which closely mirrored its earlier efforts to empower the Afrikaner people.

Sanlam expanded its client base further as it transformed into a financial services provider and was not restricted to the traditional breadwinner market and products. With restructuring separate business units were created which addressed various financial needs. Sanlam had become a provider of various risk management and investment solutions for individuals and groups. One of the markets that rose to prominence during this period was the small business market. Sanlam provided products and services which assisted this market with the daily management of the business entity as well as pension provision for employees. Sanlam's role in the development of small businesses as well as its role in private and group pension provision contributed to the economic upliftment of the country in a similar way that its earlier economic empowerment initiatives had. While the working class or blue collar market was identified as an important segment during the first half of Sanlam's history the focus had now shifted onto the middle and entry or emerging markets to bring life insurance and financial services to as wide a market as possible and stimulate growth.

Based on these findings it can be concluded that this study has challenged the conventional view of Sanlam as an Afrikaans-orientated company. It has shown that Sanlam was established as a South African company in a British-orientated industry of which the

inclusion and empowerment of the Afrikaner people formed one aspect. It showed that Sanlam had already begun to expand its reach into a wider and more diverse market from its inception within the limitations of the time. This was not only to achieve its nationalist ideal, but to remain competitive and innovative in the life insurance market. This gained momentum as Sanlam expanded and grew into a broader financial services group and as the political, social and economic climate in South Africa changed. What is evident is that Sanlam adapted its strategy to changes in its environment and in some instances was the driver of this change. This is reflected in the changing profile of its client base over time. As Sanlam's first chairman Willie Hofmeyr stated in 1925 "The science of Life Assurance cannot remain stationary, and in order to be successful insurance practice must adapt itself to ever-increasing necessities and requirements of a progressive age."¹ The same business philosophy held true in 2004 as conveyed by Sanlam's then chairman Roy Andersen "In essence Sanlam's strategy centres on positioning the Group for sustainable profitable growth and long-term value creation. It is based on a thorough understanding of the world in which we do business and the role business is expected to play in the modern context – a concept where markets and societies are fundamentally interconnected. As such, Sanlam will continue to measure its performance against not only the financial bottom-line but also the triple bottom line (economic, social and environmental impacts), as the benchmark for sustainable development."²

¹ Sanlam: *Chairman's address*, 9 December 1925.

² Sanlam: Annual Report, 2004, p.18.

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