

Assuring the Volk: The establishment and foundation of SANLAM: the South African National Life Assurance Company, 1918-1939

1. Introduction

Sanlam has traditionally been perceived as an Afrikaans company.¹ This perception stems from the role that Sanlam played in the economic empowerment of Afrikaners during the earlier parts of its history. This however formed part of a broader initiative to develop the economy of the country as a whole, which was still largely in British hands at the time of Sanlam's establishment.² This paper explores Sanlam's establishment as a truly national institution at the beginning of the twentieth century. This national identity is present in various aspects of Sanlam's business during its foundation years including its mission and investment strategy, its ownership structure, the profile of its staff and clients and through its involvement in the upliftment of its staff and the community.

2. Sanlam as a national institution

2.1 The state of the insurance industry in 1918

Sanlam was established at a time when the majority of insurance companies operating in South Africa were branches of foreign companies.³ At the time of Sanlam's establishment in 1918 two-thirds of insurance companies operating in the Union were branches of foreign companies.⁴ In the Cape Province the proportion of foreign companies was even greater at 80%.⁵ Sanlam was a life insurer and in the Cape Province where it was established 85% of companies transacting life insurance business were branches of foreign companies.⁶

¹ B.C. Benfield & R.W. Vivian. *Insurance in the 1990s. A. The long-term insurance market 1990-2000.* p.286.

² G. Verhoef. *Die stigting van instellings as werktuie in die ekonomiese opbouproses van die Afrikaner sedert die Anglo-Boereoorlog.* p.212.

³ *Official year book of the Union of South Africa, 1910-1917.* p.724; *Official year book of the Union of South Africa, 1910-1920.* pp.561, 858.

⁴ *Official year book of the Union of South Africa, 1910-1920.* p.858.

⁵ W.P.G. Koen. *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939.* p.13.

⁶ *Official year book of the Union of South Africa, 1910-1917.* p.861.

The insurance industry in South Africa had a strong imperial history and character. The earliest insurance companies that operated in the Cape Colony in the nineteenth century were branches of British companies.⁷ The first South African company, the South African Fire and Life Assurance Company was established in 1831.⁸ The life insurance department of this company was wound down in 1881 as it was not very profitable in the small and highly competitive life insurance market in the Cape Colony in the nineteenth century. A new company the South African Fire Insurance Company was established which took over the fire insurance business of the original company. In 1894 this company was taken over by a foreign fire insurance company, the London and Lancashire Insurance Company.⁹ The London and Lancashire Insurance Company would merge with the Royal-Global Insurance Group in Britain in the 1960s and these companies consolidated their South African operations to form the Royal Insurance Company of South Africa Limited. In the 1970s the Royal Insurance Company of South Africa would merge with Old Mutual's South African Fire and General Insurance Company to form the Mutual and Federal Insurance Company, South Africa's largest short term insurance company at the time and because of the link to the South African Fire and Life Insurance Company also the oldest.¹⁰

Another important event in the development of the local insurance industry in South Africa was the establishment of the Mutual Life Assurance Society of the Cape of Good Hope in 1845. Unlike many of its competitors the Mutual Life Assurance Society sold life insurance only and operated on the mutual principle which meant that its policyholders had ownership rights in the company and its profits were distributed amongst them.¹¹ By operating on the mutual principle the Mutual Life Assurance Society ensured that ownership of the company remained in local hands and that the local population benefited from its business. The Mutual Life Assurance Society is the only

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

⁸ R.W. Vivian. *A history of the South African Fire & Life Assurance Company: South Africa's first insurance company.* pp.147-148.

⁹ *Ibid.* pp.153-156.

¹⁰ *Ibid.* p.157.

¹¹ P.B. Simons. *Old Mutual 1845-1995.* pp.7-8.

life insurance company that survived from this period and still operates today as Old Mutual.

Consolidation and centralisation were common features of the insurance and banking industries in the Cape Colony during the second half of the nineteenth century. Most of the smaller South African companies were taken over by foreign ones.¹² By 1890 the Mutual Life Assurance Society which was renamed the South African Mutual Life Assurance Society was the only remaining local life insurance company operating in the Colony.¹³ By the time Sanlam was established in 1918 there were only 5 local life insurance companies operating in the Cape Province compared to the 29 foreign companies. The 5 local companies were the South African Mutual Life Assurance Society, Southern Life, African Homes Trust, Federal and the United Provident and Assurance Association.¹⁴

Despite the prevalence of foreign companies the local companies attracted more business than the foreign ones. Local companies accounted for 65% of life insurance policies underwritten in the Cape Province in 1918.¹⁵ They drew support from the spirit of nationalism awoken by the establishment of the Union 8 years earlier and the outbreak of the First World War 4 years earlier. The success of the local companies suggests that there was a demand for life insurance business transacted by local companies. This was highlighted as one of the motives for the establishment of Sanlam during the company's first annual general meeting. According to the chairman WA Hofmeyr "much scope and great necessity existed for another South African Company" the business being largely in foreign hands.¹⁶

¹² E.H.D Arndt. *Banking and currency development in South Africa (1652-1927)*. p.264; G. Verhoef. *Concentration and competition: The changing landscape of the banking sector in South Africa, 1970-2007*. pp.157-158.

¹³ G.J. De Klerk. *Versekeringswese: 'n Historiese oorsig en enkele bedryfseconomie aspekte met spesiale verwysing na groepsversekering*. p.104; H. Spyrou. *The development of insurance business in the Union of South Africa*. p.326.

¹⁴ *Official year book of the Union of South Africa*. 1910-1917. p.861.

¹⁵ *Ibid.*

¹⁶ SA JV 5/2/1. Sanlam. Chairman's address. 23 December 1919. p.1.

2.2 Investment and empowerment

The prevalence of foreign companies in the insurance industry at the beginning of the twentieth century was a reflection of the state of the rest of the economy. British companies dominated all sectors of the South African economy except agriculture.¹⁷ Positions in the mainstream economy were mostly taken up by foreigners.¹⁸ In 1916 the number of poor whites living in South Africa was estimated at 106 000.¹⁹ Afrikaners in particular were marginalised. In 1917 Afrikaners only contributed 13% to national income and their contribution to non-agricultural sectors was only 3%.²⁰ Overall the country was still too dependent on agriculture. In 1918 one third of South Africa's national income came from agriculture, one-fifth from mining and one-tenth from manufacturing.²¹ The founders of Sanlam felt that the establishment of another local life insurance company would contribute to the economic development of the country by mobilising savings and investing funds locally.²² This was highlighted as one of Sanlam's missions and reasons for South Africans to support this national institution "Each Policy placed with this Company assists with the economical development of South Africa, for all the funds of this Company are invested here".²³ The foreign insurance companies operating in South Africa were not legally required to invest a portion of their funds within the country.²⁴

During the first two decades of its history Sanlam invested mainly in private property and government and municipal securities.²⁵ The insurance legislation allowed insurance companies relative freedom with regards to the allocation of their assets. It was not until The Insurance Act No 37 of 1923 that life insurance companies were required to make

¹⁷ H. Giliomee. *The Afrikaners: Biography of a people*. pp.318, 323; SA B6/5 6/5/1. MS Louw. *Aantekeninge oor die ekonomiese posisie van die Afrikaner, historiese agtergrond op sakegebied*. p.2.

¹⁸ *Ibid.*

¹⁹ 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.

²⁰ W.P.G. Koen. *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939*. p.60.

²¹ SA B6/5 6/5/1. MS Louw. *Aantekeninge oor die ekonomiese posisie van die Afrikaner, historiese agtergrond op sakegebied*. p.2.

²² SA JV 5/2/1. Sanlam. Chairman's address. 28 December 1923. p.4.

²³ SA JV 5/2/1. Sanlam. Chairman's address. 10 December 1924. p.4.

²⁴ *The Review*. 26 September 1924, p.941; 23-30 December 1927, p.1150.

²⁵ SA JV 5/2/1. Sanlam. Chairman's address. 1919-1939.

compulsory investments in bonds.²⁶ Despite the latitude granted to insurance companies with regards to the allocation of their assets, Sanlam followed a relatively conservative investment strategy during the first two decades of its history. This cautious approach was in response to the challenging circumstances that the young company faced during its foundation years. Sanlam was established during the First World War and in the same year that the Spanish flu epidemic broke out, which resulted in increased death claims for life insurers. The country experienced an economic depression in the early 1920s and again in the late 1920s and early 1930s with the Collapse of the Wall Street Stock Market in New York in 1929 and the global economic crisis that followed.²⁷ Sanlam responded to these challenging circumstances by observing “economies in the expenses of administration” and “a reduction in expenditure”.²⁸ A portion of its profits were set aside 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.²⁹ Sanlam would adopt a more aggressive investment strategy from 1940s as the economy recovered and its performance improved. This strategy would include the establishment of finance houses to fund the development of South African businesses in commerce and industry.³⁰

2.3 Ownership structure of Sanlam

The establishment of Sanlam was preceded by the establishment of Santam, the South African National Trust and Assurance Company a few months earlier on 28 March 1918.³¹ Santam was another South African insurance company, which handled trust and various types of insurance business including life, fire, marine and livestock insurance.³² A decision was taken by Santam’s Board of directors on 3 May 1918 to covert its life insurance department into a separate company. The life insurance department generated

²⁶ *The Review*. 1 October 1926. p.928.

²⁷ 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; J. Natrass: *The South African economy: Its growth and change*, p.25; SA JV 5/2/1, Sanlam: Chairman’s address, 23 December 1919; 22 December 1920; 8 December 1922; 10 December 1930.

²⁸ SA JV 5/2/1, Sanlam: Chairman’s address, 8 December 1922.

²⁹ SA JV 5/2/1, Sanlam: Selected chairman’s addresses, 1930-1933.

³⁰ JSGL SC140.T.1 2/1. MS Louw. *Die aanwending van die kapitaalkrag van die Afrikaner*. 3-5 October 1939. pp.2-5.

³¹ J.P. Scannell. *Uit die volk gebore. Sanlam se eerste vyftig jaar*. p.12; SA S 5/1 5/1/6. Santam. Board meeting. 2 April 1918.

³² SA S5/1 5/6/1. Santam Prospectus. 1918.

more business than the other insurance departments of Santam. Life insurance was the most profitable type of insurance business transacted in the Cape Province at the time. It generated over £2 million in premium income in 1918.³³ It was also a long term risk compared to the short term risks covered by the other insurance departments of Santam and it operated on the mutual principle.³⁴ It would therefore be better managed as a separate company. Sanlam was established with a nominal capital of £25 000 divided into 25 000 shares of £1 each of which 24 985 shares were purchased by Santam and the remaining shares by the founders and senior officials of the two companies.³⁵ Santam would operate as the parent company of Sanlam. In this way the founders of Sanlam ensured that ownership of the company remained in local hands. Although Sanlam was established with a share capital it operated as a mutual company and did not issue a dividend to its shareholders. Its profits were distributed amongst its policyholders by way of a bonus.³⁶ This ensured that the local population benefited from its business. Sanlam, the South African National Life Assurance Company was established on 8 June 1918.³⁷

2.4 Profile of staff

There was only one foreigner amongst the 7 founders of Sanlam – the Scot Alfred MacDowall. The remaining 6 founders CG Fichardt, FH Dormehl, WA Hofmeyr, CR Louw, PA Malan and AFJ Benning were all national citizens and prominent businessmen.³⁸ The establishment of Sanlam by locals was made possible by the fact that its founders had some knowledge and previous experience of insurance and related business.³⁹ This was unusual in an industry and an economy where the majority of companies were British ones and there were few locals with skills in business.

³³ *Official year book of the Union of South Africa*. 1910-1920. p.859.

³⁴ SA S 5/1 5/1/6. Santam. Prospectus 1918.

³⁵ SA S 5/1 5/6/1. Santam. Board meeting. 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.

³⁶ SA S 5/1 5/1/6. Santam. Board meeting. 3 May 1918; Sanlam. Memorandum and articles of Association. 1918.

³⁷ SA 5/1 5/1/6. Certifikaat onder Sektie 57 van “De Wet op Maatschappijen, 1892; Sanlam. Memorandum and articles of association. 1918.

³⁸ 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; SA B6/5 6/5/1. Selected biographies of founders.

³⁹ *Ibid.*

GC Fichardt acquired insurance experience in his work as 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 Alfred MacDowall worked as an accountant.⁴⁰ FH Dormehl had 18 years experience in the insurance industry. He began working for the London and Lancashire Insurance Company in Cape Town as a clerk at the age of 16. 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.⁴¹ WA Hofmeyr, CR Louw and PA Malan dealt with insurance and related business in their work as lawyers.⁴² CR Louw was a partner in a law firm with WR Collins in Ermelo in the South-Eastern Transvaal. This firm served as the Ermelo agency for various insurance companies. In 1916 Louw moved to the Cape where he started his own legal practice and where he would be involved in the establishment of Santam and Sanlam.⁴³ The fact that Sanlam was founded by locals allowed this company to retain its national identity.

The founders of Santam and Sanlam were also involved in other projects for the national upliftment of the South African people. Fichardt, Hofmeyr and Louw served in the Anglo-Boer War on the side of the Boers.⁴⁴ Dormehl, Hofmeyr, Louw and Malan were involved in the recognition of Afrikaans as an official language alongside English. Hofmeyr and Dormehl were involved in the establishment of the Cape Town branch of the *Afrikaanse Taalvereniging* in 1906, which worked for the recognition of Afrikaans as a written language. Hofmeyr served as the first secretary of this organization.⁴⁵ In 1916

⁴⁰ D.W. Krüger (Ed.). *Suid-Afrikaanse biografiese woordeboek*. Vol III. pp.300-301; SA B6/5 6/5/1. Biographical notes on CG. Fichardt.

⁴¹ D.W. Krüger (Ed.). *Suid-Afrikaanse biografiese woordeboek*. Vol III. p.242; SA B6/5 6/5/1. Biographical notes on FH Dormehl.

⁴² 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; SA B6/5 6/5/1. Biographical notes on WA Hofmeyr, CR Louw and PA Malan; G. Verhoef. *Nasionalism, social capital and economic empowerment: Sanlam and the economic upliftment of the Afrikaner people, 1918-1960*. p.701.

⁴³ C.J. Beyers. (Ed.). *Dictionary of the South African biography*. Vol V. pp.465-466; SA B6/5 6/5/1. Biographical notes on CR Louw.

⁴⁴ C.J. Beyers. (Ed.). *Dictionary of the South African biography*. Vol V. pp.466; D.W. Krüger (Ed.). *Suid-Afrikaanse biografiese woordeboek*. Vol III. pp.300, 417.

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.

Hofmeyr and Louw were involved in the establishment of an Afrikaans medium school in the Cape.⁴⁶ Dormehl, Hofmeyr, Louw and Malan were involved in the establishment of the Afrikaans publishing house Nasionale Pers in 1914. Dormehl served as the first general manager and secretary of this publishing house and Hofmeyr as its first chairman. CR Louw served on its first Board of directors. The establishment of the Nasionale Pers was an important development as the press like other aspects Cape society was overwhelmingly English. The establishment of Nasionale Pers demonstrated that capital could be raised for the establishment of local institutions.⁴⁷ Nasionale Pers would be responsible for the publication of the Afrikaans newspaper *De Burger* in 1915 and the Afrikaans magazine *De Huisgenoot* in 1916.

Sanlam's Board of directors was composed solely of South Africans during the period under investigation. This was unusual at a time when foreigners often held positions on the Boards of insurance companies and other financial institutions operating in South Africa. The Board also had a strong Afrikaans profile. No such insurance company that represented the Afrikaans-speaking section of the population existed since the Dutch colonial insurance company De Protecteur Brand en Lewens Assurantie Maatschappij in the mid-nineteenth century.⁴⁸ Sanlam's first Board of directors comprised of the following members AFJ Benning, FH Dormehl, CTM Wilcocks, PGW Grobler, WA Hofmeyr, CR Louw, TJ Louw, PA Malan, CW Malan, TJ de V Roos, CF Steyn.⁴⁹ Hofmeyr was the first chairman and Dormehl the first managing director. Dormehl died during the Spanish flu epidemic and was replaced with CTM Wilcocks from the Free State who took up the position of vice chairman.⁵⁰ While Sanlam was established in the Cape, its Board included representatives from both the Northern and Southern parts of the country as the company aimed to make itself accessible to a wider market.⁵¹ Other

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

⁴⁷ *Ibid.* pp.4-6; 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; C.F.J. Muller. *Sonop in die Suide.* pp.51, 59; SA B 6/5 6/5/1. CR Louw.

⁴⁸ H.M. Hirsch. *Early days of insurance in South Africa 1826—1860.* January 1963. p.19.

⁴⁹ SA S5/1 5/1/6. Sanlam. Memorandum and articles of Association, 1918.

⁵⁰ SA B6/5 6/5/1. Biographical notes on FH Dormehl and CTM Wilcocks.

⁵¹ H. Giliomee. *The Afrikaners: Biography of a people.* p.387.

members who joined Sanlam's Board during the period under investigation include JH Conradie (1921), PA Brink (1922), P de W Neethling (1923), SF Malan (1933), DJ Kotze (1935) and JfJ van Rensburg (1937).⁵² In terms of the appointment of office and field staff as far as possible preference was given to locals. Sanlam "was established in 1918 to seek fresh avenues of employment for South African youth and to train the youth of this country in Life Assurance".⁵³

2.5 Profile of clients

2.5.1 Language

Sanlam operated as a bilingual company which represented and served both the English and Afrikaans-speaking sections of the population from its inception in 1918. Its founders recognised the importance of mobilising both sections of the population to achieve its economic empowerment goals. "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".⁵⁴ It also made business sense to target both sections of the population as the Afrikaans market was not yet an established market for life insurance and the Cape where Sanlam was established had a strong English presence. Sanlam's target market also included the small German-speaking population living in South Africa as well as clients in the South African protectorate and former German colony South West Africa where Sanlam established a branch in 1929.⁵⁵

Originally the founders of Santam and Sanlam wanted to have the names of the two companies registered in both English and Afrikaans, but they were only permitted to do so in one language. They chose Afrikaans since this language was under-represented in business.⁵⁶ Sanlam's staff were for the most part fully bilingual. "In the transactions of its business the Company makes use of both the official languages of the country, and the

⁵² SA JV 5/2/1. Selected annual reports, 1918-1939.

⁵³ SA JV 5/2/1. Sanlam. Chairman's address. 12 December 1928. p.6.

⁵⁴ *Die Fakkkel*. 1 July 1943. pp.5-6.

⁵⁵ *Die Fakkkel*. 15 February 1934. p.15.

⁵⁶ *Die Fakkkel* 1 July 1943. p.1; SA 5/1 5/1/6 Santam. Board meeting. 3 May 1918.

staff is, with a few exceptions efficiently bilingual”.⁵⁷ English was the standard language of business at the time so it was necessary for its staff to be proficient in both languages. Although Sanlam’s founders and senior management came largely from the Afrikaans-speaking community they too were for the most part fully bilingual. Sanlam’s first chairman WA Hofmeyr had a Scottish mother, Anna Georgina Morgan the daughter of a Scottish minister George Morgan, and was raised fully bilingual.⁵⁸ One of Sanlam’s founders CG Fichardt was raised with English as his home language. The Fichardt family had acquired the services of an English governess and Fichardt received his early education in English.⁵⁹ Some senior positions at Sanlam were filled by English speakers early on as there were few Afrikaners with experience in insurance business at the time. The most notable of these being Alfred MacDowall who served as Sanlam’s general manager and secretary from 1918 to 1921.⁶⁰ Sanlam’s accountants and actuaries early on were English as there were few Afrikaners with these qualifications. Sanlam 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 abroad.⁶¹ Like Louw many of Sanlam’s office staff and senior officials trained abroad or previously worked for English companies and were proficient in both languages.⁶² 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 application forms in both languages.⁶³ Sanlam also advertised its services in both languages and with some advertisements even appearing in German during this time.⁶⁴ Despite its efforts to operate as a bilingual company that included both language groups, Sanlam attracted a predominantly Afrikaans speaking clients base during the first two decades of its history.⁶⁵ This may be attributed to the fact that no other life insurance company directly represented the interests of the Afrikaans

⁵⁷ SA JV 5/2/1 Santam. Chairman’s address. 23 December 1919.

⁵⁸ D.W. Krüger (Ed.). *Suid-Afrikaanse biografiese woordeboek*. Vol III.. p.416.

⁵⁹ *Ibid.* p.300.

⁶⁰ SA JV 5/2/1 SA D5/2 5/2/2. Selected annual reports. 1919-1922.

⁶¹ SA 6/5 6/5/1 Biographies MS Louw.

⁶² Die Fakkell 1 November 1948, Die Fakkell 2 December 1946, Die Fakkell 7 August 1937 p.13, Die Fakkell 7 October 1936 p.19, Die Fakkell 7 July 1936 pp.4-5.

⁶³ *The Star*. 11 May 1960.

⁶⁴ RM 3/6/2. Selected advertisements. 1918-1938.

⁶⁵ Policy register 1. Policy register 3. Policy register 19. Policy register 42.

speaking section of the population since De Protecteur in the mid-nineteenth century and Sanlam included the upliftment of the Afrikaner people in its empowerment goals.

2.5.2 Race and class

Another way in which Sanlam demonstrated its inclusiveness as a South African company was by transacting both ordinary and industrial life insurance business.⁶⁶ The Industrial Department of Sanlam issued policies for less than £100.⁶⁷ Premiums on these policies could be paid weekly or monthly. Thereby Sanlam made life insurance protection accessible to lower income and working class groups including mineworkers.⁶⁸ The Industrial Department also made affordable life insurance protection available to blacks and coloureds. The Industrial Department was managed by a black superintendent CM Dantu.⁶⁹ He was the first person of colour to occupy a senior management position at Sanlam. Sanlam's Industrial Department included a coloured section.⁷⁰ Sanlam's industrial business was transferred to African Homes Trust on 1 January 1921.⁷¹ African Homes Trust was established in 1898. It originally provided housing schemes for workers and lower income groups but soon its focus shifted to industrial insurance which became its primary business. Sanlam's parent company Santam took over African Homes Trust in 1918.⁷² The reason for the transfer of Sanlam's industrial business to African Homes Trust was that the Industrial Department with its small assured amounts, weekly premiums and high rate of lapses was difficult and costly to manage. Sanlam's Board decided that African Homes Trust which specialised in industrial insurance would be better equipped to handle this type of business.⁷³ Although short-lived the presence of the

⁶⁶ J.P. Scannell. *Uit die volk gebore. Sanlam se eerste vyftig jaar.* p.13; SA 5/1 5/1/6. Sanlam. Memorandum and Articles of Association. 1918.

⁶⁷ SA B 1/2 1/2/13/2. Selected brochures. 1918-1924; SA 5/1 5/1/6. Sanlam. Memorandum and Articles of Association. 1918.

⁶⁸ Sanlam. Board meeting. 28 July 1919.

⁶⁹ Sanlam. Daily Management meeting. 12 July 1918.

⁷⁰ Sanlam. Board meeting. 2 December 1918.

⁷¹ Sanlam. Board meeting. 24 November 1920; Sanlam. Board meeting. 22 December 1920; Sanlam. Daily Management meeting. 18 February 1921; W.P.G. Koen. *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939.* p.127.

⁷² G.J. De Klerk. *Versekeringswese: 'n Historiese oorsig en enkele bedryfsekonome aspekte met spesiale verwysing na groepsversekering.* p.105; E. Rosenthal. *Metropolitan Life 100 years (1898-1998).* p.70; J.P. Scannell. *Uit die volk gebore. Sanlam se eerste vyftig jaar.* pp.17-18.

⁷³ W.P.G. Koen. *Sanlam tussen twee wêreldoorloë. Sy stigting, groei en stryd om 'n ekonomiese staanplek vir die Afrikaner 1918-1939.* p.128.

Industrial Department early on was an indication of Sanlam's commitment to serving "all classes of the community".⁷⁴ Sanlam continued to include working classes and black, coloured and Indian lives in its target market even after its Industrial business was transferred to African Homes Trust in 1921.

Sanlam's client base included blue collar workers such as mineworkers and railway workers. During the first six months of Sanlam's operations in 1918 this group accounted for 11% of Sanlam's policyholders and by September 1939 17% of its policyholders.⁷⁵ The introduction of policy benefits such as Disability Benefits (1922) and Interest Free Loans on Operations (1929) which made provision against loss of income due to injury or illness were a reflection of Sanlam's presence in this market.⁷⁶ A policy designed specifically for miners, the Gold Miner's Policy (with phthisis benefit) was introduced in 1935 to provide financial provision in the event of a miner contracting phthisis.⁷⁷ Other groups or classes targeted by Sanlam included farmers, professionals (including teachers, doctors and lawyers), white collar workers (including civil servants, clerks and municipal workers) and self employed individuals.⁷⁸ Farmers made up a significant portion of Sanlam's client base. Farming was an important economic activity for many South Africans, but especially Afrikaners who Sanlam wanted to include in their client base, the insurance market and the broader economy. It also demonstrates that Sanlam operated in rural areas and not only in cities. During the first six months of its operations in 1918, a quarter of Sanlam's client base comprised of farmers.⁷⁹ Farmers would remain an important market throughout Sanlam's history. Professionals were an important market for Sanlam because of their steady income and high standard of living. Teachers in particular were an important market not only because of the reasons just mentioned, but because of their position in society and their ability to reach people. A teacher insured by Sanlam was a good advertisement for the company. During the first six months of

⁷⁴ SA JV. Sanlam. Chairman's address. 10 December 1924.

⁷⁵ Sanlam. Policy registers 1 and 19.

⁷⁶ SA JV. Sanlam. Chairman's address. 8 December 1922; Chairman's address 11 December 1929.

⁷⁷ SA B 1/2/13/2. 1/2. Gold Miner's Policy 1935.

⁷⁸ *Ibid.*

⁷⁹ Sanlam. Policy register 1.

Sanlam's operations in 1918 8% of its clients were teachers.⁸⁰ In 1934 Sanlam became the official insurer of various Teacher's Associations in South Africa including the South African Teacher's Association, the Transvaal Teacher's Association and the Orange Free State Teacher's Association.⁸¹ Such group and pension schemes for workers had already been introduced by Sanlam in the 1920s with a pension scheme for servants of municipal and divisional councils.⁸² This diverse range of clients from different socio-economic standings was an indication of Sanlam's commitment to operate as a truly national institution and make life insurance protection available to a wider market.

Sanlam included blacks, coloureds and Indians in its client base during the period under investigation although they made up a small percentage of Sanlam's total client base. It made business sense to include these groups as collectively they accounted for 80% of South Africa's population and were becoming increasingly urbanised.⁸³ Just over half of coloureds and two-thirds of Indians were urbanised in 1936. This compared favourably with the white population of which about two-thirds was urbanised. The percentage of urban blacks was smaller than other race groups, although it had increased from about one-tenth in 1911 to nearly one fifth in 1936 and continued to increase with industrialisation.⁸⁴ Although blacks, coloureds and Indians formed a sizable market and were becoming increasingly urbanised they also posed a greater risk to life insurance companies because of their higher mortality rate and lower standard of living compared to whites in terms of housing, nutrition, access to healthcare and exposure to hazards in their work and daily life.⁸⁵ They also tended to take out smaller policies than whites with a higher rate of lapses compared to white policyholders.⁸⁶ As a result the insurance of their lives were subject to stricter conditions than for white lives. The insurance of their lives had to be approved by management and was often subject to a race load or extra premium.⁸⁷ Sanlam however readily insured professional black, coloured and Indian lives

⁸⁰ *Ibid.*

⁸¹ SA JV. Sanlam. Chairman's address. 11 December 1935.

⁸² SA JV. Sanlam. Chairman's address 11 December 1929.

⁸³ H. Giliomee & B. Mbenga. *New history of South Africa*. p.346.

⁸⁴ *Ibid.* H. Giliomee & B. Mbenga. *New history of South Africa*. p.254.

⁸⁵ Sanlam. Memorandum to Board. 22 August 1959. Sanlam. Daily Management meeting. 26 August 1959.

⁸⁶ *Ibid.* Sanlam. Daily Management meeting. 30 August 1950.

⁸⁷ Selected Board and Daily Management meeting minutes. 1922-1950.

especially teachers and according to similar conditions as whites as they had a similar standard of living as whites.⁸⁸ In 1933 Sanlam decided to remove the confidential report on living conditions that had to accompany the application of black, coloured and Indian lives for teachers because they had a similar standard of living as whites and therefore did not have to provide additional proof of insurability.⁸⁹ In the same year Sanlam decided to accept non-medical business for Indian and black teachers up to £200.⁹⁰ In February 1936 Sanlam had 46 black, coloured and Indian lives on its books which made up 6% of its total client base. 42 of these lives were teachers.⁹¹ Special policies and pension schemes were introduced specifically for black teachers. Examples include the Pension Scheme for Black Teachers and Missionaries (1934), the Pension Scheme for African Teachers and Ministers (1934) and the Special Policy for African Teachers and Government Officials (1936).⁹² Sanlam appointed its first black agent S Byala in 1930.⁹³ This was an indication of Sanlam's targeting of and presence in the black market as well as the demand for life insurance by this market. Sanlam's inclusion of black, Indian and coloured lives despite the additional risk posed by these lives and their marginalised position in society was another indication of its commitment to operate as a truly national institution that represented all race groups in the country.

2.5.3 Gender

Traditionally the most important market for life insurance was men – breadwinners with dependents to support. Women and children were usually the beneficiaries of life insurance. This was largely the case with Sanlam during the first two decades of its history and is reflected by the types of policies sold by the company namely Whole Life policies, Endowment policies and Educational policies. These policies made provision against loss of the breadwinner's income due to death or retirement and for children's

⁸⁸ Sanlam. Board meeting. 18 February 1932. p.99. Sanlam. Board meeting. 21 April 1932.p. 101. Sanlam. Board meeting 19 May 1932. p.102.

⁸⁹ Sanlam. Daily Management meeting. 23 February 1933. p.391. *Die Fakkkel*. 1 April 1933. p.13. *Die Fakkkel*. 1 December 1938. p.33.

⁹⁰ Sanlam. Daily Management meeting. 19 October 1933. p.423. Sanlam. Board meeting. 27 October 1933. p.119.

⁹¹ Sanlam. Policy register 13.

⁹² Sanlam. Daily management meeting. 23 September 1934. p.213. SA RM 3/6/2. Selected advertisements. 1934-1938. SA B 1/2/13/2. 1/2. Selected brochures. 1935-1938.

⁹³ Sanlam. Daily Management meeting. 16 June 1930. p.266.

education.⁹⁴ During the first six months of Sanlam's operations in 1918 these types of policies accounted for 95% of Sanlam's business.⁹⁵ Over time variations on these policies such as the Family Income Policy (1922) which paid out a regular income to dependents upon death or disability of the insured, were introduced.⁹⁶ As was the case with black, coloured and Indian lives, during this period women were considered high risk lives. This was because of the risks associated with pregnancy and childbirth at the time. A pregnancy clause was in place in 1919 that stated that if a female prospect was pregnant and confinement was expected within 3 months, issuing of policy would be delayed until after the birth or the policy would be taken up with an endorsement that the company would not be liable if death occurred as a result of pregnancy or birth.⁹⁷ Despite this risk Sanlam included women in their target market and attracted a noticeable number of female clients during its foundation years. During the first six months of its operations in 1918 women made up nearly one fifth of Sanlam's client base.⁹⁸ This proportion of female clients was maintained for the duration of the period under investigation.⁹⁹ Sanlam appointed its first female agent, Miss Goldblatt in 1918.¹⁰⁰ This was followed by further appointments of female agents and demonstrates Sanlam's presence in the female market as well as the inclusion of women in its staff.¹⁰¹

2.5.4 Geographical distribution

Sanlam's operations were not confined to the Cape. It established branches and agencies throughout the country. As early as 1918 Sanlam had established branches in the Transvaal and the Free State. During the first six months of its operations in 1918 32% of Sanlam's business was underwritten outside of the Cape.¹⁰² Sanlam established a branch

⁹⁴ Sanlam. Rate books. 1918-1939.

⁹⁵ Sanlam.

⁹⁶ SA JV. Sanlam. 10 December 1924.

⁹⁷ Sanlam. Rate books. 1922, 1925, 1931.

⁹⁸ Sanlam. Policy register 1.

⁹⁹ Sanlam. Policy register 19.

¹⁰⁰ Sanlam. Daily management meeting minutes. 6 September 1918. p.159.

¹⁰¹ Sanlam. Daily Management meeting minutes. 26 August 1925. p.131; 2 December 1925. p.145; 27 April 1927. p.213; 29 June 1927. p.221; 9 November 1927. p.239; 19 March 1930. p.249; 13 May 1937. p.341.

¹⁰² Sanlam. Policy register 1.

in Natal in 1926.¹⁰³ This branch had an important role to play in Sanlam's penetration of the English speaking market. Branches were established in Port Elizabeth and Pretoria in 1933. These branches were supplemented by agencies and agents operating throughout the country. In 1932 Sanlam expanded its operations to neighbouring African countries including South West Africa, Rhodesia and Portuguese East Africa.¹⁰⁴

3. Social Upliftment

Another way in which Sanlam asserted its national identity was through its role in the social upliftment of its staff and the community as a whole. Sanlam first introduced a pension fund for its office staff in 1927.¹⁰⁵ A pension fund for its field staff was first introduced in 1929.¹⁰⁶ Sanlam uplifted the community through its various donations to cultural and welfare organizations.¹⁰⁷

4. Conclusion

This investigation into Sanlam's foundation years has demonstrated that Sanlam was established as a truly South African institution of which the insurance and upliftment of the marginalised Afrikaner people formed one part. Sanlam was established as a local company in an industry where the majority of companies were foreign and in this capacity it had an important role to play in the upliftment of the local population. Its national identity is reflected in various aspects of its business including its investment of funds locally in property and government securities, the distribution of its profits amongst its policyholders, the diverse profile of its staff and clients and its involvement in the upliftment of its staff and the community at large.

¹⁰³ SA JV. Sanlam. Chairman's address. 8 December 1926; 7 December 1932; 13 December 1933; Die Fakkkel. 15 December 1932. pp.3, 16.

¹⁰⁴ SA JV. Sanlam. Chairman's address. 7 December 1932.

¹⁰⁵ Sanlam. Board meeting. 20 June 1929. p.66.

¹⁰⁶ Sanlam. Board meeting. 26 September 1929. p.69.

¹⁰⁷ Sanlam. Board and Daily Management meeting minutes. 1918-1939.