

BEST PRACTICES AND LESSONS LEARNED

1. Cooperatives are built on a sense of collective responsibility, belonging, commitment and pride within the membership.
2. The cooperative needs to ensure that members have a connection with each other. In this way, the default rate on payment of membership fees will be low.
3. It is important to have a diversity of age within a burial society. There is a risk associated with having only older people as members.
4. Cooperatives need to ensure that their administration is well-organised. Due to having a diversity of skills within the cooperative, Bondtitis is able to bring a high level of professionalism to its work.
5. Use the connections that your members have with other groups such as cultural or community associations, to build membership.
6. Cooperatives need to offer a high standard of client service just as a conventional company would – members need to get their money quickly when claimed.

A SUCCESS STORY: MPHO LEKABE

Mpho's father joined the Bondtitis Burial Society when it started in 1992. In 2000, his family was helped with the funding of the burial of his young sister.

Unfortunately, Mpho's mother passed away four years later, and his father another three years after that. The financial strain was lifted with the support of Bondtitis when the cooperative paid his claim of R25,000 per person within 48 hours. This made a significant impact on Mpho as he was able to provide his parents with proper burials.

In addition, Bondtitis played a major role in arranging the funeral and in so doing, took the burden away from the grieving family. The other members of Bondtitis also continued to visit the family to find out whether they still required assistance after the death of the principal member.

Mpho is now a principal member of the burial society and his membership covers eight of his family members. He attends the monthly meetings where members constantly evaluate how the operations of the burial society can be improved. Mpho feels this structure is like an extended family as the support it provides goes beyond the funding.



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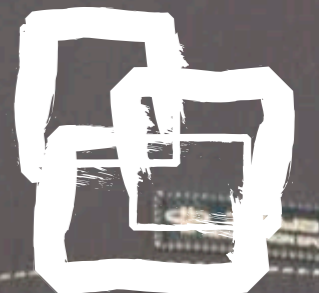


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BONDITIS BENEFIT SCHEME

Photographs kindly provided by Yogi Nambiar and Bondtitis



OVERVIEW

The Bondtitis Burial Society was cleverly named to refer to the “disease of having to pay house bonds” by some new home owners in Vosloorus. A group of 25 people who had just moved into the area became friends and initially decided to start a stokvel (informal collective savings scheme) to save and pool funds for their personal financial needs. However, over time, they felt that when there was a death in any of the families, the amount contributed by the members was not enough to have a proper funeral. This led them to change the stokvel into a burial society in 1992.

Bondtitis struggled with finances after the National Stokvels Association of South Africa (NASASA), which previously underwrote the savings accumulated by the burial society, stopped doing so. This required the burial society to use its own funds to pay out members when claims were made, causing the savings to run out. At the same time, other burial societies suffered the same problem and tensions arose between burial societies as members moved between them. To respond to this problem, Bondtitis approached Safikeng Insurance in 2005 to form a similar underwriting relationship as was previously in place through NASASA.

Together they formed a special scheme that would be applicable to burial societies and Bondtitis worked as a recruiter of other members. The Bondtitis Benefit Scheme was registered in 2007 and today has 900 principal members, each with eight family members covered by the scheme. The Bondtitis Burial Society administers the scheme on behalf of 35 other burial societies.

SOCIAL PURPOSE

Who benefits? Members of the cooperative who require funds for the burial of a family member

In disadvantaged communities where the income level of residents is low, the costs of giving family members a proper burial are not affordable. In many communities, groups of people come together to pool funds which are paid to a member when required. It is said that every month, approximately R 1.8 billion is changing hands in burial societies in South Africa.

The Bondtitis Burial Society is one such group with two primary goals:

1. To meet the financial needs of its members at the time of a death in their families
2. To help other burial societies become sustainable through working collectively

In order to achieve the first objective, the Burial Society recruits new members through referrals from its existing members. The group meets once a month, collects the contributions from each member and discusses various social issues such as prevention of HIV infection. The group has 68 members with seven Executive Committee members who are involved with the administration of the society and the overall benefit scheme.

The second objective came about when the group was evaluating its own sustainability. Some burial societies have smaller numbers and hence struggle with finances, especially if there are several claims in a short period of time. At the same time, they do not have substantial savings funds and the premiums that an insurer would charge them would be prohibitive. Bondtitis realised that by grouping together, the burial societies would be able to negotiate lower insurance premiums and would not have to use their own savings to pay to members. This resulted in the Bondtitis Benefit Scheme.

Each burial society member, including Bondtitis, does more than just provide finance. It helps its members with arrangements for the funeral as well.

BUSINESS MODEL

Products and Services	Bondtitis provides a collective structure for an individual to get insurance in the case of a death in his/her family. This will enable the person to cover the costs of the funeral. Bondtitis also helps to make other burial societies sustainable by pooling resources in order to have the savings underwritten by an insurer. For Safikeng Insurance, Bondtitis recruits burial societies and coordinates the collection of fees and disbursement of claims.
Target market	While the initial members were all from the Vosloorus community in Gauteng, the group has now spread throughout Gauteng and to parts of Mpumalanga. The largest number of members are, however, still from Vosloorus. In its role as administrator and coordinator of the benefit scheme, Bondtitis targets burial societies as members as opposed to individuals. These burial societies then collect payments from their individual members. Meetings are attended by the individuals who then get to interact with other members. There is a small contingent of members who do not wish to join a burial society and approach Bondtitis Benefit Scheme directly. The members have diverse backgrounds and socio-economic status. The group includes directors of companies as well as office cleaners. This diversity leads to active interaction at meetings where skilled members train others in financial management and general administration.

Target market	While the Bondtitis Burial Society was initially started with only male members, the group has now allowed women to join. These women are spouses of previous principal members who have passed away.
Financial Model	Bondtitis earns its income from membership fees as well as a commission from the insurance broker. This commission is not used for day to day operations of the burial society but goes into an investment account which can be used for unexpected events (e.g. burials outside Gauteng). It also gets an administration fee from each of the burial societies that form part of the collective. The major costs associated with running the burial society are the salaries, rental of office space and travelling costs. However, the group does generate a surplus.
Percentage of earned income	100%
Business Form	Bondtitis Benefit Scheme is registered as a cooperative
Replicability	Burial societies are easily replicated. These collectives are formed by any group that wish to come together to pool funds for the use of individual members in times of need.

REACH, SCOPE AND IMPACT

The impact of the Bondtitis Benefit Scheme has been felt by both its own members and the other burial societies.

- For the individual members, the impact is significant as for many, financial and logistical support is vital at the time of a funeral. Meetings of the burial society become places for socialising and learning. Since HIV/AIDS has become one of the biggest causes of death, Bondtitis uses the meetings as a platform to spread awareness. In addition, since membership is varied, professionally-qualified members teach the others basic skills (for example, on how to run meetings or manage finances).
- The impact on the burial societies filters through to their individual members. These members were in a difficult position as there was no guarantee that their claims would be met. Burial societies were collecting fees and distributing funds without any support or insurance, and would struggle to pay out many member claims in succession. With the claims being underwritten in the Bondtitis Benefit Scheme, the burial societies are now able to invest the balance of the membership fees received, after the monthly insurance premium is paid, or use it for other charitable activities.

Quick facts

Number of Staff:
3 full-time staff

Head Office Location:
Vosloorus, Gauteng

Geographic Footprint:
Gauteng and Mpumalanga

Annual Turnover:
R300,000 (approximate)

CHALLENGES

The initial challenge was establishing trust among members who had bad experiences with burial societies. Bondtitis responds to this by ensuring that promises are kept and that claims are paid in full and on time. A second challenge has been to help people to understand how to fill in forms required by the insurer. Bondtitis has approached the Insurance Sector Education and Training Authority (INSETA) to offer training for its members to combat this problem.

The third major challenge has been unemployment among its members. When people are unemployed, they find it hard to pay their fees. Bondtitis aims to collect enough money to cover missed premium payments for a specific amount of time when the principal member is retrenched or unemployed.

LONG-TERM VISION

One of the goals of Bondtitis is to strengthen its financial reserves through the administration of the benefit scheme. This will allow it to cover the 68 individual members of the Bondtitis Burial Society without them having to pay membership fees. In the event of the death of a principal member, the family's membership will still be sustained by the burial society's surpluses for a specific amount of time.

In terms of expansion, Bondtitis wants to service bigger groups such as trade unions and church groups. It also aims to become an intermediary for businesses with blue collar workers, offering them the same burial society membership services.

