

## **ASISA STANDARD ON STATISTICS**

22 May 2020

## 1. OBJECTIVES

The objective of this standard is to facilitate the timely and appropriate statistics submissions to the ASISA office by member companies of Collective Investment Scheme, Foreign Collective Investment Scheme, Linked Investment Service Provider, Life Office, Claim Payout Statistics, Claims Fraud and Forensic statistics.

All raw data received by ASISA will be regarded as confidential, unless specifically specified within this standard that such data is available to ASISA members and/or the public.

## 2. MEMBER RESPONSIBILITIES

ASISA members shall ensure that all appropriate personnel have current copies of this standard and have full understanding of their requirements.

## 3. COLLECTIVE INVESTMENT SCHEME STATISTICS

### 3.1 Sales & Repurchases report

- a) A manager of a collective investment scheme in securities must within 6 business days (or alternative period as specified by ASISA) after the end of each calendar quarter, submit electronically to ASISA, a sales & repurchases report of all units created and destroyed during the previous quarter of any portfolio administered by it.
- b) The data must be submitted to ASISA in the stipulated ASISA standard electronic format.
- c) Guidelines on how to complete the report can be seen in annexure A.
- d) The sales & repurchases report, when received by ASISA, is regarded as a confidential document. Only the following sections of data will be made available to members, unless otherwise specified.
  - i. Total gross sales and total gross repurchases data at fund level.
  - ii. Total sales emanating from income reinvested at fund level.
  - iii. Data on the sources of flows at industry level.
  - iv. Total gross sales and total gross repurchases data at sector level will be regarded as public information.

### 3.2 Submission of detailed quarterly portfolio statements

- a) A manager of a collective investment scheme in securities must within 6 business days (or alternative period as specified by ASISA) after the end of each calendar quarter, submit electronically to ASISA, a full list of all underlying assets included in any portfolio administered by it; reflecting in respect of

every portfolio, the market value of each asset included in that portfolio; and the value of each of those assets expressed:

- i. as a percentage of the total value of the assets in the portfolio concerned; and
  - ii. as a percentage of the total number of assets of that class issued by the concern in which the investment is held;
  - iii. and indicating which of such assets are exchanged securities and which are not and if so, on which exchange such assets are listed.
- b) Portfolios must be submitted to ASISA in the stipulated ASISA standard electronic format.
  - c) The detailed portfolio information, when received by ASISA, is regarded as a public document and is available to any interested party, provided that, where a CIS manager has requested, in writing, that portfolio information not be released to third parties, such information shall remain confidential.

#### **4. FOREIGN COLLECTIVE INVESTMENT STATISTICS**

- a) A manager of a CISCA section 65 approved foreign collective investment scheme must within 14 business days (or alternative period as specified by ASISA) after the end of each calendar quarter, submit electronically to ASISA, an asset summary report, together with a sales & repurchases report of all units created and destroyed during the previous quarter of any portfolio administered by it.
- b) The data must be submitted to ASISA in the stipulated ASISA standard electronic format. (Attached as appendix A)
- c) Guidelines on how to complete the report can be seen in annexure B.
- d) The foreign collective investment scheme report, when received by ASISA, is regarded as a confidential document and is only available to ASISA members. Data on the sources of flows will only be available to ASISA members at an industry level.
- e) The foreign collective investment scheme report, when received by ASISA, is regarded as a confidential document. Only the following sections of data will be made available to members, unless otherwise specified.
  - i. The assets section of the report is regarded as a public document and is available to any interested party.
  - ii. The sales & repurchases section of the report is regarded as a confidential document and is only available to ASISA members.

#### **5. LINKED INVESTMENT SERVICE PROVIDER STATISTICS**

- a) A Linked Investment Service Provider manager must within 10 business days (or alternative period as specified by ASISA) after the end of each calendar quarter, submit electronically to ASISA, an asset type report, together with a new business and withdrawal report of any portfolio administered by it.
- b) The data must be submitted to ASISA in the stipulated ASISA standard electronic format. (Attached as appendix B). The linked investment service provider report, when received by ASISA, is regarded as a confidential document. Only the industry

totals section of this report will be made available and published on the ASISA website.

## **6. LIFE INSURANCE STATISTICS**

- a) ASISA members must submit the completed template by the 12th day of the second month (or alternative period as specified by ASISA) after the end of each calendar quarter.
- b) Users of the life statistics system will be notified when the template is available to download from the ASISA Life stats system website, <https://stats.asisa.org.za/lss/>. Each new template will be populated with the previous quarter's data. The system is administered and hosted by Moonfire Technology on behalf of ASISA. The User Guide can be requested from ASISA or directly from Moonfire at e-mail [ASISAStats@moonfire.co.za](mailto:ASISAStats@moonfire.co.za).
- c) Guidelines on the completion of the statistics are in annexure C. The life insurance statistics, when received by ASISA, are regarded as confidential documents. Only consolidated results will be made available and published on the ASISA website on a half-yearly basis.

## **7. LIFE INSURANCE CLAIM PAYOUT STATISTICS (DEATH BENEFITS)**

- a) These are annual statistics. Members will receive the template from ASISA at the end of March each year and life insurance members who provide life cover and funeral cover must submit the completed template to ASISA within 2 months i.e. by the end of May. See the guidelines in Annexure D.
- b) The results are consolidated by ASISA and included in a media release.

## **8. LIFE OFFICE – CLAIMS FRAUD STATISTICS**

- a) Life insurance offices must within 6 weeks (or alternative period as specified by ASISA) after the end of June submit electronically to ASISA the claims fraud statistics as detailed in annexure E for the previous calendar year.
- b) The individual company reports, when received by ASISA, are regarded as confidential information. Only consolidated claims fraud statistics will be made available to the media and relevant parties. A news release will be issued to the press on an annual basis with full year statistics.

## **9. FORENSIC STATISTICS**

- a) Life insurance offices must within 6 weeks (or alternative period as specified by ASISA) after the end of June and December submit electronically to ASISA the forensic statistics as detailed in annexure H.
- b) The forensic statistics will only be made available to the contributing life offices.

**Annexure A: Guidelines on the completion of the CIS sales & repurchases report****Direct from the public**

Includes all inflows that the management company receives from the general public, either through the post, walk in business, direct mail shots or via an investment advisor employed by the company who controls the management company (i.e. nod agent).

**Via intermediary sales force**

Whenever the cause of sale has been initiated by an advisor who is not employed by the company who controls the management company and as a result commission is paid to the 3<sup>rd</sup> party concerned.

**Via linked products**

The amount received by the management companies either in bulked or individual accounts from any of the Linked Product factories.

**From Registered Retirement Funds**

Institutional Pension / Provident funds

**Annexure B: Guidelines on the completion of the FCIS Statistics**

Use the last exchange rate quoted at the close of business on the last business day of the quarter

All sales, repurchases and asset figures relate only to South African investments on the basis of the foreign allowance permitted by South African Exchange Control.

Institutional and Retail funds are to be reported separately.

Funds are classified as retail when the investor details are registered with the Scheme

Funds are classified as institutional when the nominee / bulk account is registered with the Scheme and the investor details participating in the bulk investment, are registered with the Administrator of the nominee / bulk account.

Sales less repurchases = net inflow/outflow

Sales > repurchases = net inflow

Sales < repurchases = net outflow

### **Annexure C: Guidelines on the Completion of the Life Insurance Statistics**

The life insurance statistics collected by ASISA from its life insurance members are a sub-set of the quarterly returns provided by insurers to the Prudential Authority. The guidelines to complete these and the definitions are therefore provided by the Prudential Authority. The selected sheets to be provided by members to ASISA are listed below. The ASISA template mirrors the layout and structure of the Quarterly Solo Quantitative Report.

- OF1 – Statement of Solvency Position
- OF2 – Statement of Assets, Liabilities and Basic Own Funds
- OF4 – SAM Excess of Income over Outgo (Life)A1 - Investments
- TP1 – Life Technical Provisions Summary
- M1.1 – Number of Policies: Individual Business
- M1.2 – Number of Policies – Group Business
- M2.1 – Premiums: Individual Business
- M2.2 – Premiums: Group Business
- M1.3 – Number of contracts: Inwards Reinsurance
- M2.3- Premiums received – Inwards Reinsurance

#### **Annexure D: Guidelines on the completion of the Life Insurance Claim Payout Statistics for death benefits**

ASISA members who provide life and funeral insurance cover must provide statistics on the number and percentage of claims paid and claims repudiated for death and funeral benefits during the preceding calendar year.

- Claims paid are those with payment date in the period concerned, and Claims repudiated, those with repudiation decisions in the same period.
- Only finalised claims are to be included in the statistics. Open, pending claims, e.g. due to incomplete documentation or investigations, should not be included.
- Reasons for repudiation of claims must be provided using one of the categories provided in the ASISA template.



## Annexure E: Guidelines on the completion of the Life Insurance Claims Fraud Statistics

### Categories

- **Disability claims**

All disability benefits and similar products including capital disability, income benefits, temporary disability, dread disease, functional impairment and physical impairment benefits are included in this section.

- **Death claims**

This section covers all death benefits including those with minimum underwriting such as a Declaration of Health, medical questions or medical testing. Accelerator funeral benefits linked to the life policy are also covered in this section.

- **Funeral claims**

Funeral claims should be included in this section. These are funeral benefits where there is no underwriting at all and risk is managed by means of a waiting period. These are standalone policies.

- **Hospital and Health claims**

This includes all hospital cash and other related products.

- **Retrenchment**

This includes retrenchment benefits on all products and should report the full number of months benefit as the sum insured, for example, 6 or 12 months x rand amount.

- **Other ancillary benefits**

Such as a maternity benefit. These should be reported in the category of the main benefit to which they are attached.

### Regional Distribution and Business Segment

Indicate the number of cases and not a rand value under these sections.

### Fraud Amount

- **Actual Fraud Amount - amount paid**

This will generally be the actual loss or amount that has been paid out.

For PHI claims it is the actual amount paid from when the claimant was found to be working or capable of working until the date the payment ceased.

- **Potential Fraud Amount - amount prevented**

This category includes the benefit amount saved or not paid out as a result of forensic or claims investigation. For example, on hospital claims it will be the benefit amount saved or prevented as a result of investigation.

If a funeral claim has been paid out, this amount might include the remainder of the life policy that was not paid as a result of investigation.

For PHI claims this has been changed and this should be the amount saved based on the reserve value of the claim after the date payment ceased for one quarter only, not the full reserve value until policy termination.

### Claims section

- **Misrepresentation and material non-disclosure**

The inclusion of misrepresentation and material non-disclosure in these statistics does not mean that they are regarded as fraudulent, but this information needs to be collected to indicate the extent of the problem in the industry.

Material non-disclosure resulting in a retrospective loading or exclusion should not be included in these statistics. Only record material non-disclosure or misrepresentation resulting in a policy being voided.

This section is split into misrepresentation or material non-disclosure by the policyholder/ claimant and misrepresentation or material non-disclosure by the broker or advisor.

- **Suicides within 24 months of inception**

This is not considered fraud but it is a number that we would like to track and so should be included as far as possible. We are aware that it is under-reported and cannot always be proven. This figure is for industry use only and will not be reported in the media.

### Definitions used in the spreadsheet

- **Claims section**

#### **Misrepresentation/Material Non-disclosure:**

Misrepresentation refers to stating information or facts in such a manner as to deliberately portray such facts or information in a wrongful or misleading light. This includes medical information, income or financial status, occupation or education.

Material non-disclosure refers to the deliberate decision to fail to disclose facts or information that is material to the assessment, acceptance and/or management of the risk being covered, and results in the voiding of the contract.

#### **Fraudulent documentation:**

Fraudulent documentation refers to the submission and/or use of documentation that has been stolen, altered or falsely created by whatever means in order to support a false policy application

and/or claim. This includes applications where the signatures of the policyholder/applicant have been forged by a third party.

**Syndicate involvement:**

A syndicate is where there are two or more claims involving the same parties, including but not limited to doctors, funeral parlours, Home Affairs officials, intermediaries, claimants, hospital personnel etc.

**Advisor:**

An advisor is regarded as a tied agent and is employed by the insurer.

**Broker:**

A broker has a contractual relationship with the insurer but is not an employee.

**Advisor or broker involvement:**

Advisor or broker involvement is where a broker or agent intentionally withholds information or does not disclose information to the insurer that they have been given by their clients. It also includes instances where they may be directly involved in the submission of fraudulent claims.

**Beneficiary involvement in death:**

This is where the beneficiary was directly or indirectly involved in the death of the life assured and where criminal charges have been brought against the beneficiary.

## Annexure H: Guidelines on the completion of the Life Office Forensic Statistics

### 1. Internal Fraud

The risk of loss due to deliberate acts by employees intended to defraud, misappropriate property or circumvent regulations, the law or company policy and harm the organization or a third party.

- 1.1 Commission abuse  
Inappropriate or fraudulent product sales by employees due to a deliberate intention to benefit themselves resulting in financial loss.
- 1.2 Payment and settlement fraud: Clients  
Client funds misappropriated due to internal fraud resulting in financial loss.
- 1.3 Payment and settlement fraud: Own funds  
Own funds misappropriated due to internal fraud resulting in financial loss.
- 1.4 Invoice fraud  
Incorrect or false supplier invoices are paid due to internal fraud resulting in loss of revenue.
- 1.5 Theft  
Theft or damage to physical assets by employees resulting in financial loss.

### 2. External Fraud

The risk of loss due to deliberate acts by external parties intended to defraud, misappropriate property or circumvent regulations, the law or company policy and harm the organization or a third party.

- 2.1 Commission abuse  
Inappropriate or fraudulent product sales due to external fraud (third parties) resulting in financial loss.
- 2.2 Invoice fraud  
Incorrect or false supplier invoices are paid due to external fraud resulting in loss of revenue.
- 2.3 Surrenders/disinvestments/loans/maturities – claims fraud  
Inappropriate or false claims paid due to external fraud resulting in financial loss.
- 2.4 Payment and settlement fraud: Clients – external  
Client funds misappropriated due to external fraud resulting in financial loss.
- 2.5 Client instruction fraud  
Client instructions deliberately captured incorrectly due to external fraud resulting in customer compensation and/or loss of revenue.

- 2.6 Theft  
Theft of physical assets by third parties resulting in financial loss.

**3. Sales, products and business practices**

The risk that the organization, its products and employees fail to meet its professional, legal and fiduciary obligations towards its clients and third parties.

- 3.1 Fiduciary duty of care  
Fiduciary duty of care responsibilities not met and/or internal breach of policies resulting in penalties and/or compensation and/or financial loss.
- 3.2 Conflicts of Interest  
Conflicts of interest and internal policy breaches by employees/directors due to negligence resulting in penalties and/or compensation and/or financial loss.
- 3.3 Bribery and Corruption  
Corrupt relationships between employees and/or advisors/brokers and/or key suppliers that lead to inappropriate supplier contracts resulting in financial loss.

**HISTORY OF AMENDMENTS**

| Effective date | Amendments  |
|----------------|---|
| 22 May 2020    | Changes to Life Office Statistics (Part 6) and inclusion of Claims Payout Statistics (Part 7) |
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