



## **STATISTICS STANDARD**

**May 2010**

### **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 and Life Office 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 SCHEME 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)
- c) The linked investment service provider 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. All company specific data will be made available to all members.
  - ii. The industry totals section of this report is regarded as a public document and is available to any interested party.

## **6. LIFE OFFICES STATISTICS**

- a) Life insurance offices must within one month (or alternative period as specified by ASISA) after the end of June and December submit electronically to ASISA, the life offices statistics of all forms as detailed in annexure C.
- b) Re insurance offices must within one month (or alternative period as specified by ASISA) after the end of June and December submit electronically to ASISA, the life offices statistics of all forms as detailed in annexure D.
- c) Life insurance offices must within one month (or alternative period as specified by ASISA) after the end of March and September, submit electronically to ASISA, the life offices statistics as detailed in form C of annexure C.
- d) Re insurance offices must within one month (or alternative period as specified by ASISA) after the end of March and September, submit electronically to ASISA, the life offices statistics as detailed in form C of annexure D.
- e) Guidelines on how to complete forms A, B, C and D can be seen in annexure C, D, E and F.
- f) The life insurance and reinsurance reports, when received by ASISA, are regarded as confidential documents. Only the following sections of data will be made available to members, unless otherwise specified.
  - i. The industry totals section of this report is regarded as a public document and is available to any interested party.
  - ii. Individual company data is regarded as confidential, and will not be released to ASISA members or any interested party.

## **7. ASSOCIATION FOR SAVING & INVESTMENTS SA' RESPONSIBILITIES**

- a) ASISA shall monitor compliance with this standard and any breaches brought to its attention shall be individually considered and appropriate action taken.
- b) This standard shall be updated from time to time and fully reviewed annually.
- c) ASISA shall endeavour to timeously release the aggregated quarter-end statistics to the market.

## **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 report**

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 Office statistics to Form A**

Includes only business conducted under the South African Life Assurance Act.

#### **REVENUE ACCOUNT - FORM "A"**

Revenue account figures should include premiums and benefits on all policies in-force, and should not exclude investment business in terms of IAS39 issued by the International Accounting Standards Board, as is the case with the income statement included in the statutory financial statements in compliance with International Financial Reporting Standards.

##### **(i) Single Premiums**

IIIa's – Investment linked annuities (IIIa's) – Annuities where the client can decide the level of the annuity payment as percentage of the underlying fund value.

Compulsory annuities – excluding IIIa's

Other – Any other retirement annuities and ordinary single premium business, including term – and optional annuities, but excluding IIIa's and compulsory annuities.

Ideally this figure should be the same as the figure given on Form C (item 2). Should this not be the case, then kindly supply the reasons for the difference in figures.

##### **(ii) Group Schemes and Pension Funds**

All premiums net of reinsurance premiums.

###### **A. LUMP SUMS**

Transfer of lump sum assets under group scheme contracts plus any other special lump sum payments.

###### **B. SPLIT BETWEEN "INVESTMENT ONLY" AND "OTHER"**

- (a) Where a particular group or pension contract provides only for investment services (regardless of how the benefit accrues) the premium income is deemed to be "investment only".
- (b) Where a contract provides only for life or disability benefits/or administration in respect of members' records/or actuarial services/or any of these in addition to investment services, the total premium received under such a contract is deemed to be "other".
- (c) Where contracts are re-negotiated, it is possible that the classification may change. Please indicate the amount and change involved in the space provided.

In preparing this note on the split of premiums between "investment only" and "other", the Statistics Standing Committee recognised that:

1. Five main components or services may be incorporated in a contract, i.e.
  - (a) Investments (regardless of how the benefits accrue to the client);
  - (b) Administration in respect of members' records;
  - (c) Actuarial services;
  - (d) Life or disability cover; and
  - (e) With or without profit annuities.
2. It would be impractical to attempt to split the premiums received from a client in terms of a particular policy contract into their component parts.

3. The split should be based on the nature of each separate policy contract in force.
4. If a policy provides for investments as well as any one or more of the other services, the premium is deemed to be "other premiums" if only 1(a) is provided, it is classified as "investment only".
5. It must be pointed out that, should any existing contract be re-negotiated, it is possible that, in accordance with paragraph 4, large amounts of premium income may be reclassified and switches in the statistical return can occur.

(iii) **Gross Investment Income**

Includes dividends, interest and rents (after deducting property expenses in respect of directly held property), etc., but excludes any realised or unrealised investment surpluses.

(iv) **Other fees and sundry income**

*Includes all other income received on insurance as well as non-insurance business that can not be classified as premiums or investment income and that can not be set off against expenses.*

(v) **Individual Benefits**

*Consists of claims received, taking into account a provision for claims that can possibly be turned down, net of income from reinsurance claims.*

Death – Includes death accident benefits

Disability – Means a contract in terms of which a person, in return for a premium, undertakes to provide policy benefits upon a disability event. Will be your capital lump sum benefits and income protection plans.

Health business – Means a contract in terms of which a person, in return for a premium, undertakes to provide policy benefits upon a health event, but excluding any contract of which the contemplated policy benefits;

- a) are something other than a stated sum of money;
- b) are to be provided upon a person having incurred and to defray expenditure in respect of any health service obtained as a result of the health event concerned; and
- c) are to be provided to any provider of a health service in terms of the provision of such service.

or

- a) of which the policyholder is a medical scheme;
- b) which relates to a particular member of the scheme or to the beneficiaries of such member; and
- c) which is entered into by the scheme to fund in whole or in part its liability to such member of beneficiaries in terms of its rules.

Includes hospital cash plans and dread disease cover.

Maturity claims – Includes early retirements, net of continuations.

Annuity payments - Consists of gross expense amounts, including tax withheld on behalf of the policyholder.

Individual surrenders – Net of partial continuations. Includes cashed or surrendered bonuses or bonuses applied in reduction of premiums.

(vi) **Group Benefits**

**Net of income from re-insurance claims**

Death - Paid on death of a member of fund or scheme

Disability - PHI or Lump sum disability benefits

Annuity payments - Pension paid (either insured or non-insured)

Retirement benefits - Benefit payable on retirement includes 1/3 commutation and 2/3 compulsory annuity purchase sum

Group members withdrawals – Retrenchments or resignation by fund members.

Group scheme surrenders – Includes total or partial termination/dissolution of funds, transfers to assets managed off balance sheet on behalf of clients, and taxation and other expenses paid of behalf of certain funds.

(vii) **Sales remuneration: Individual Business**

All commission and expenses directly related to commission, payable in the production of business. All commission net of clawbacks.

**A. ITEMS THAT SHOULD BE INCLUDED**

1. All new business commission payable to representatives (including sub-agents, general agents and franchise agents) and brokers.
2. Renewal commission (i.e. new business commission held back and paid in subsequent years if the policy is still in force) payable to intermediaries in (1) above.
3. Overriding commission, fees, allowances, subsidies, bonus, etc. payable to branch and district sales managers and broker sales consultants, based on the sales performance of the respective intermediaries that they manage.
4. Allowances, benefits, subsidies, etc. which are payable to representatives (including sub-agents, general agents and franchise agents) and which is directly related to commission and/or sales volumes.
5. All bonuses, calculated on either commission and/or sales volume, payable to representatives (including sub-agents, general agents and franchise agents).
6. Salaries paid to representatives who are not on a commission basis.
7. Pension and medical aid fund contributions in respect of payments included in A(1) to A(6) above.

**B. ITEMS THAT SHOULD BE EXCLUDED**

1. Collection commission.
2. Salaries payable to branch and district managers.
3. Salaries payable to broker consultants.
4. Allowances payable to representatives, such as entertainment, travelling, telephone, recruitment, etc.

5. Salaries payable to agents in lieu of collection commission on Home Service policies.
6. Pension and medical aid fund contributions in respect of the payments included in B1 to B5 above.
7. All fringe benefits (e.g. housing subsidies), unless directly related to commission and/or sales volumes.

(viii) **Sales remuneration: Group Business (Pension and Group Life)**

Only commission and bonuses payable to representatives and brokers.

A. **ITEMS THAT SHOULD BE INCLUDED**

1. All Commission and overriding commission payable to representatives, consultants and brokers. (Including salaries paid in lieu of commission, e.g. to full-time representatives who have access to large organisations for writing optional group business.)
2. All directly related bonuses and allowances payable in the production of business.
3. All pension fund and medical aid contributions related to item (A1) and (A2) above.

B. **ITEMS THAT SHOULD BE EXCLUDED**

1. All salaries and bonuses which are not directly related to business produced payable to group, branch and district managers.
2. Allowances payable, such as entertainment, travelling, etc.
3. Pension and medical aid fund contributions for staff mentioned in B1 and B2 above.
4. All fringe benefits.

(ix) **Admin and marketing expenses**

*Includes all other fees and expenses on insurance as well as non-insurance business that can not be classified as asset management fees paid or sales remuneration.*

(x) **Normal income Tax**

The normal income tax liability of the shareholders for the current year (excluding any liability for Capital Gains Tax (CGT)).

(xi) **Deferred tax**

The deferred tax provision for the shareholders for the current year (excluding any provisions for CGT).

(xii) **Normal income tax**

The normal income tax liability of the policyholder funds for the current year (excluding any liability for CGT).

(xiii) **Deferred tax**

The deferred tax provision of the policyholder funds for the current year (excluding any provisions for CGT).

(xiv) **Tax on retirement funds**

The liability of the Untaxed Policyholder Fund (UPF) of the insurer for tax on Retirement Funds for the current year.

(xv) **Normal Capital Gains Tax**

The CGT liability of the shareholders for the current year.

(xvi) **Deferred Capital Gains Tax**

The deferred CGT provision for the shareholders for the current year.

(xvii) **Normal Capital Gains Tax**

The CGT liability of the policyholder funds for the current year.

(xviii) **Deferred tax – included in Policyholder Funds**

The deferred CGT provision for the policyholder funds for the current year included in the actuarial policy liabilities.

(xix) **Deferred CGT – included in an accounting provision**

The deferred CGT provision for the policyholder funds for the current year if an accounting provision for the deferred CGT was created.

(xx) **Regional Services Levy**

Includes both the Regional Services Levy and the Regional Establishment Levy paid or payable.

(xxi) **Stamp Duty on Insurance Policy Contracts**

The total amount of stamp duty paid or payable in terms of the Stamp Duty Act

(xxii) **VAT Paid not recoverable**

The total amount of value added tax paid or payable and which is not recoverable.

(xxiii) **Financial Services Board Levy**

The total amount incurred in respect of any levy payable to the Financial Services Board. (Levies in respect of Life assurance and pension funds).

(xxiv) **Skills development levy**

The net amount paid/payable in terms of the skills development levies act after taking into account any refund received/receivable.

**Annexure D: Guidelines on the completion of the Life Office statistics to Form B**

**ASSETS AND LIABILITIES - FORM "B"**

**1. Assets**

Assets to be classified on the same basis as for the quarterly report to the Registrar of Long-term Insurance.

**2. Fixed Assets**

Includes fixed property.

**3. Other Liabilities**

Includes current liabilities, deferred tax liabilities and approved long term liabilities.

**Annexure E: Guidelines on the completion of the Life Office statistics to Form C**

**NEW BUSINESS FORM "C"**

**A. Marketing Channels**

Brokers – Sales through independent intermediaries who are not tied to a specific insurer. It includes bank brokers and independent brokers that usually place their business at more than one insurer

Agents – Company's own sales force including general agents, franchise agents and salaried representatives, but excluding telesales agents.

Direct - Sales through mail, telephone and other direct methods by company's own staff (or by an outsourced operation on the company's behalf, where the company brand is the main brand promoted).

Corporate - Includes sales through scheme arrangements such as binder agreements with retailers, banks, credit providers etc.

**B. Number of policies and gross premiums**

*These figures must exclude the following:*

- Home Service Business
- Figures for policies of a kind referred to in sub-section (3) of Section 62 of the Act.
- Policies cancelled from inception date, including policies cancelled during cool-off period, must not be included as new business
- Transfers between products

Reinsurers are not asked to complete this form, hence gross figures and not netT of reinsurance figures should be used.

**C. Premium escalations**

Automatic annual escalations of premiums or premium increases at stipulated periods or optional annual or periodic escalations of premiums less optional reductions in premiums (show nett). Additional assurance riders (or removals of such) are also included under "nett escalations".

All lump sum payments into an existing policy and which do not form part of the contractual premium, should be indicated as single premium escalations, regardless of whether the policy itself is in fact a single premium or a recurring premium policy.

Policies in terms of which escalations occur must not be included in the reported number of new policies issued.

**D. Lapses**

The lapse figure should be calculated in the same manner as figures for Statement A (iv) of the Returns required by the Registrar.

No escalation for lapses must be shown as the gross premium must show the total value.

Policies cancelled from inception date, including policies cancelled during the cool-off period, must not be included as lapses.

Statistics submission standard

**Annexure F: Guidelines on the completion of the Life Office statistics to Form D**

**FINANCIAL SECTOR CHARTER – ACCESS - FORM "D"**

In order to track the industry's progress offices are requested to provide Transactional Access and Market Penetration figures at the end of each calendar year from 31 December 2006 and at 30 June of each year beginning 30 June 2007. LSM 1-5 is defined as those earning  $\leq$  R3 000 per month.

Transactional Access

Refer to the Access committee's report to the Charter Council for calculation basis. There is no change to the formula for half-yearly statistics.

Market Penetration

Refer to the Access committee's report to the Charter Council for details of how the calculation basis was derived.

Penetration is the total LSM 1-5 policies in-force at the reporting date (excluding new policies sold after the Effective Date) that do not comply with CAT standards. Credit life is credited at 25%):

[Note (if applicable) including mortgage protection business written as part of a bank's low-income home ASISA business, credited at 100%]

The Form D figures required are as follows:

- CAT-compliant, in force policies written in respect of LSM 1-5 since the Effective Date, and
- In force policies written in respect of LSM 1-5 prior to the Effective Date whether CAT-compliant or not.

Scoring

The score for Market Penetration is the % of target achieved (number of policies in-force as above divided by the target), multiplied by 5, with a maximum score of 7 points.

Note that in 2007 the formula for the "new business" target will change to:

$(\frac{2}{9} * \text{New business market share (2004)} * 1.7\text{m in-force policies})$ , but the 2004 market share and the in-force target will not change. There will be a corresponding change to  $\frac{3}{9}$  in 2008.

***Half-yearly scoring - The target to be used for the half-year statistics in A above will use the factor 1.5/9 in 2007, 2.5/9 in 2008, etc.***