



# South Africa

## Crime Tracker

September 2018

Bryte Insurance, a proactive business risk specialist, today released its **Q1 2018 Crime Tracker**, an indicator of long-term crime trends in South Africa as captured by insurance claims for the period January to March 2018.

The Q1 2018 Bryte Crime Tracker measures the annual change, on a quarterly basis, in crime-related claims (due to hijacking, robbery, theft and malicious damage) committed against South African businesses.

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RECORD HIGH  
LEVELS OF CRIME  
REPORTED IN Q1  
2018

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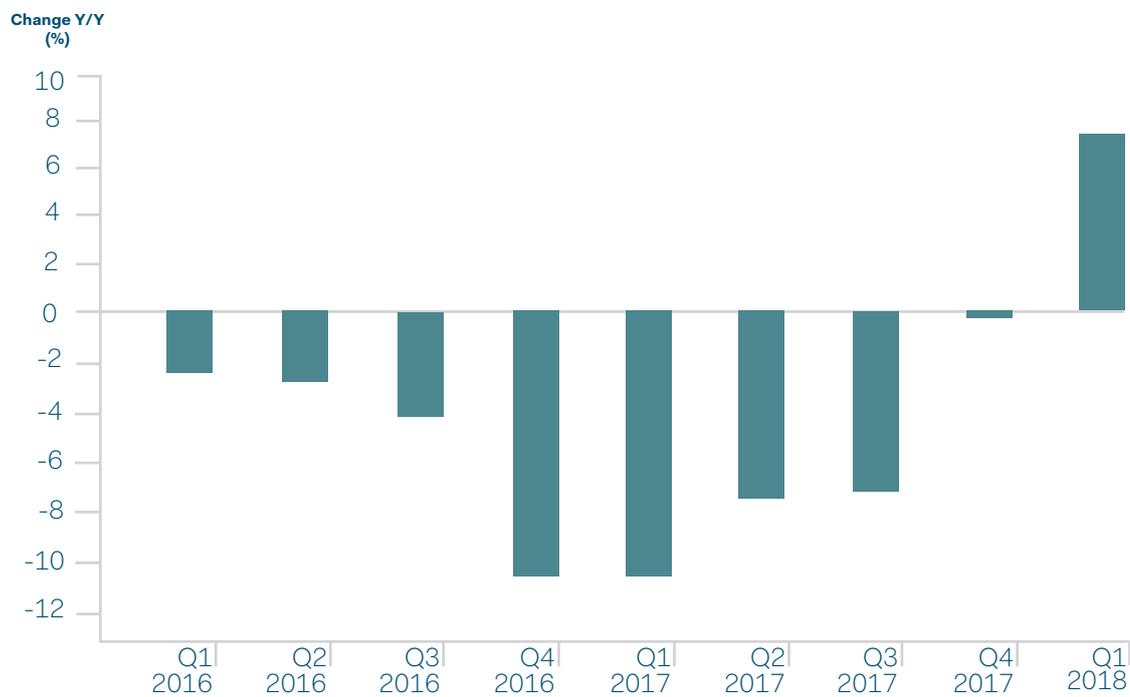
EXPONENTIAL  
INCREASE IN  
INCIDENTS OF  
HIJACKING AND  
OTHER CONTACT  
CRIMES

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CONSUMER FRAUD  
THE SECOND MOST  
REPORTED CRIME IN  
SOUTH AFRICA

# Bryte Crime Tracker: January to March 2018

## Change in Crime-Related Claims Trends



**The graph above compares crime data over a two-year period, based on percentage growth or decline. The Bryte Crime Tracker recorded its highest level of crime during Q4 2017, peaking at a 0.22% contraction after its lowest level in Q1 2017, where the Index reflected a contraction of 10.42%.**

At 7.12%, the Bryte Crime Tracker indicates a substantial peak in the total incidents of crime perpetrated against businesses in Q1 2018 compared to the same period in 2017 where a deceleration to 10.42% was noted. This increase is the largest observed over more than a two-year period denoted in the graph. A continuous upsurge in crime is also noted since Q2 2017.

*“The high rate of unemployment, which was 26.7%<sup>1</sup> in Q1 2018, coupled with high rates of borrowing and substantial increases in the cost of an average basket of goods, continues to have dire socio-economic repercussions for most South Africans. Unfortunately, an increasing number of residents are resorting to crime out of desperation,”* explained Cloud Saungweme, Chief Claims Officer at Bryte.

*“Additionally, crime syndicates are becoming much more opportunistic; they have wider access to resources, their footprints are expanding, and the crimes perpetrated are highly sophisticated. For instance, the constantly evolving digital environment can be complex and criminals are investing in advanced technologies and collaborating with IT experts to execute criminal acts, leaving businesses increasingly susceptible to online security threats.*

*Criminals are also seeing greater value in targeting business assets versus personal properties as the monetary value of items is generally substantially higher. Furthermore, there is a growing trend in employees collaborating with criminals by sharing sensitive information and often assisting with the actual crime. This can be attributed to syndicates finding the most financially vulnerable employees to work with and targeting them with threats to their livelihood or enticing them with monetary incentives to participate in criminal activities. The combination of these factors is leaving businesses more exposed to high-level acts of crime.”*

Another trend that is dominating is fraud committed by consumers – now ranked the second most reported crime in South Africa. Broadly speaking, economic crime has affected a staggering 77%<sup>2</sup> of businesses in 2018 alone and is significantly higher than the global average rate of 42%<sup>2</sup>.

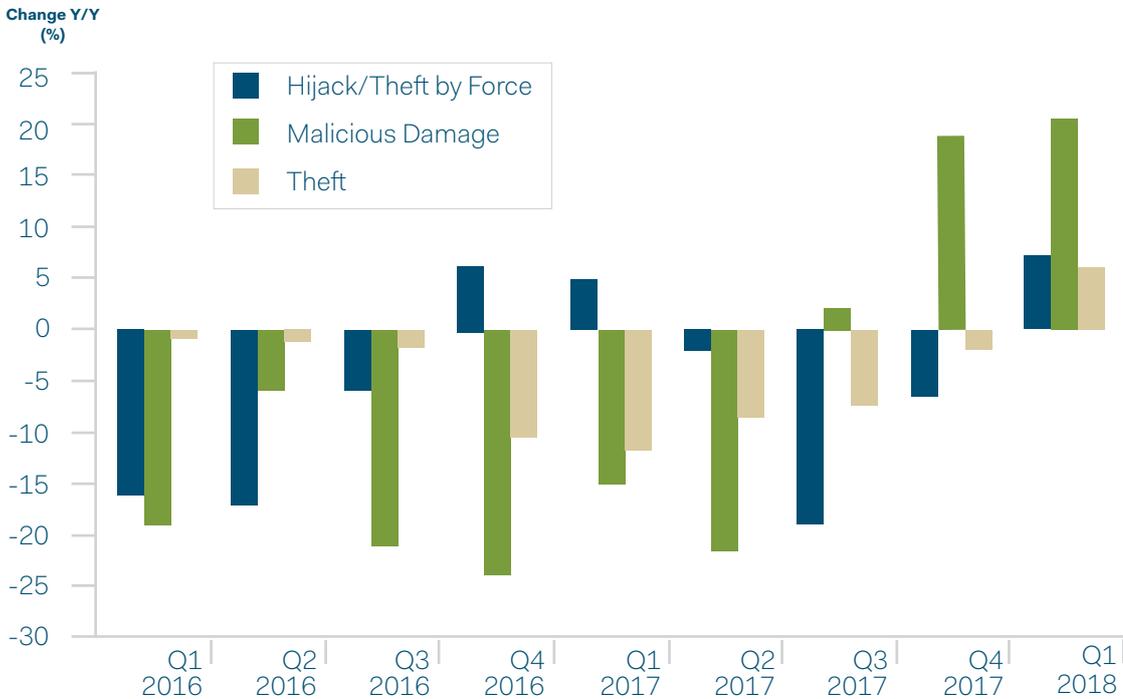
*“Insurance companies are having to spend time and expensive resources investigating fraudulent claims, a process that can take several months to resolve, possibly costing the business more than the value of the fraudulent claim, which can result in increased premiums and possible lawsuits. For example, by staging a false hijacking incident and submitting an insurance claim for losses that have not been incurred, customers risk prosecution. From a reputational perspective, insurers and brokers are left vulnerable to critique from audiences on social media and other public platforms, placing undue pressure on employees and resulting in possible loss of income for the business,”* continued Saungweme.

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## Contact Crime, Malicious Damage and Theft



The graph to the right compares business crime data – specifically Contact Crime (hijack/theft by force), Malicious Damage and Theft. The data extends to just over two-years and is based on percentage growth or decline. Incidents of crime across every category increased in Q1 2018.

### Hijack/Theft by Force (Contact Crime)

The level of hijacking/theft by force was the lowest recorded in Q3 2017 and has since risen sharply quarter on quarter. An acceleration to 6.8% in contact crime was noted in Q1 2018 compared to the 3.8% acceleration in Q1 2017. The increase in contact crime is also reflected in the 2017/2018 National Crime Statistics report released by the SAPS, which revealed a 56.6% increase in cash-in-transit heists and an alarming escalation of more than 333% in bank robberies.

### Theft

Our data reflects that incidents of theft were at an all-time high in Q1 2018, peaking at 5.7%. After significant lows in Q4 2016 and Q1 2017, theft has risen consistently over the past four quarters. The 2017/2018 National Crime Statistics further denotes a 7.2% increase in the theft of stock however, petty crime such as shoplifting and theft out of motor vehicles is reported to have decreased by more than 6% during this period.

*“With crime syndicates strategically and progressively incorporating evolving technologies into acts of crime against businesses, it is critical that business owners prioritise regular system upgrades. Staying abreast of technology will help businesses benefit from the advanced risk mitigation tools available and provide a much-needed layer of protection,”* added Saungweme.

From a government perspective, the intensifying efforts to mitigate against crime is encouraging. The recently announced R3.5-billion<sup>3</sup> investment into advanced technology, which will enable evidence-related technical analysis, has great potential to support the SAPS' crime investigations and improve outcomes. This technology could also benefit business owners during the claims process by providing insurers with substantial verification of details pertaining to incidents of crime, enabling expeditious claims processing.

### **Malicious Damage**

Incidents of malicious damage have remained considerably high over the past two quarters; the Q1 2018 Bryte Crime Tracker noted an acceleration to 20.8% in Q1 2018 versus a contraction to 15% during the same period in 2017.

Consumers are becoming increasingly intolerant of businesses/institutions that do not address their demands and are taking aggressive measures to demonstrate their dissatisfaction. Service delivery and student protests have thus become a key concern for business owners as often protestors resort to malicious damage to property which can result in business interruption. Since January, a record high of 1,444 protests have been documented with incidents of property vandalism, the burning of vehicles and sometimes violently prohibiting others from accessing the products/services offered by organisations, continuing to rise.

*“Business need to remain vigilant and reflect on the fundamentals of risk mitigation – an aspect of which is proactively re-evaluating the effectiveness of existing safety and security protocols as well as revising/devising strategies to address evolving exposures. Becoming an active member of community policing forums, where people share intelligence and experiences, will give businesses insight into the goings-on in their environment. Another consideration is monitoring the social media platforms of employees or others that may be close to your business and performing regular checks, where appropriate. A few precautionary measures may go a long way in protecting your assets and your employees,”* concluded Saungweme.

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Business need to remain vigilant and reflect on the fundamentals of risk mitigation

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#### **Sources:**

<sup>1</sup> Fin24

<sup>2</sup> PwC Global Economic Crime Survey

<sup>3</sup> Business Insider

<sup>4</sup> Municipal IQ



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