



INSURE

# Insurance Standard for Industrial Classification of all economic activities



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OM Insure acknowledges the use of data from Statistics South Africa's Standard Industrial Classification of all Economic Activities (SIC) Seventh Edition (2012, Report No. 09-90-02, ISBN: 978-0-621-39214-2, as the basis for developing ISIC.

Insurance Standard for Industrial Classification of all Economic Activities (ISIC)  
Johannesburg, OM Insure, January 2020

Title continuous in English only

This classification manual is available on the OM Insure website:  
[www.ominsure.co.za](http://www.ominsure.co.za)

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## INTRODUCTION

- Business Description of a Commercial Customer is used by Insurers as one of the key underwriting criteria for pricing.
- The Short-term Insurance industry currently does not have an uniform standard classification for business descriptions, which results in additional administration effort to process it and may disadvantage clients if inappropriate rating criteria is applied.
- Many previous efforts which were focused on using the SIC by Statistics South Africa (Stats SA) failed because the insurance industry requires lower level detail of the economic activity, which was not coded by Stats SA.
- Recognising that this need is universal for all insurance stakeholders, OM Insure, in consultation with Fransie Grobbelaar from Stats SA, decided to use the SIC framework and created Insurance Standard for Industrial Classification of all Economic Activities (ISIC) codes.
- Thus OM Insure invested substantial time and effort to create ISIC codes and is availing this standard to be used by all industry stakeholders free of charge.





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# VERSION CONTROL GUIDELINE

## 1. Document Dates and Version Numbers

- The author of the document will ensure the date the document is created or revised is identified in the file name.
- The author of the document will ensure the current version number is identified in the file name.

## 2. Publishing

First version and all subsequent draft and final versions will be published on the OM Insure website including a list of all changes.

## 3. First Version

The first version to be implemented is 1.0. and is published in 2020.

## 4. Revisions of the First Version

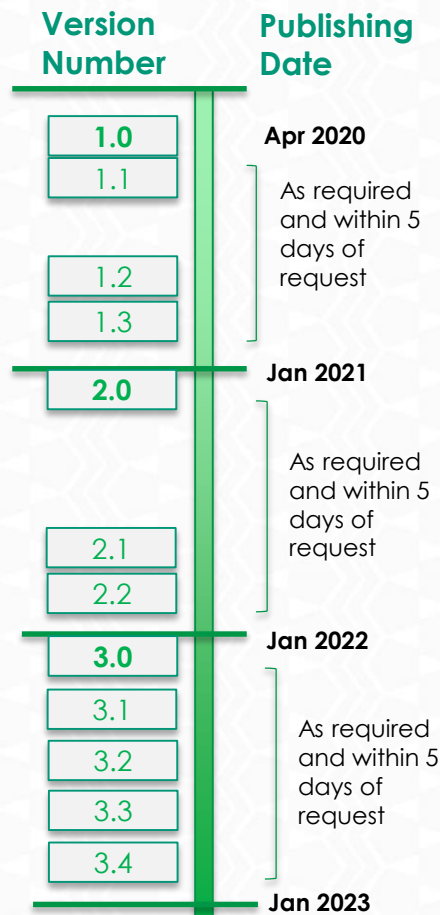
- The first revision of a document will be Version 1.1.
- Revisions will include any changes to the published ISIC, such as the creation or cancellation of ISIC code
- Subsequent revisions in the same calendar year will have an increase of "0.1" in the version number (e.g., 1.2, 1.3, 1.4, ...1.9, 1.10, 1.11, etc)

## 5. Subsequent Final Versions and Publishing Dates

- The version will increase by "1.0" over the version being published in the previous year (e.g. 2.0, 3.0, 4.0, etc).
- Subsequent Final Versions will always be published in January of each year unless notified otherwise.

## 6. Subsequent Revisions

Subsequent revisions of the subsequent Version in the same calendar year will increase by "0.1" (e.g. 2.1, 2.2, 2.3).

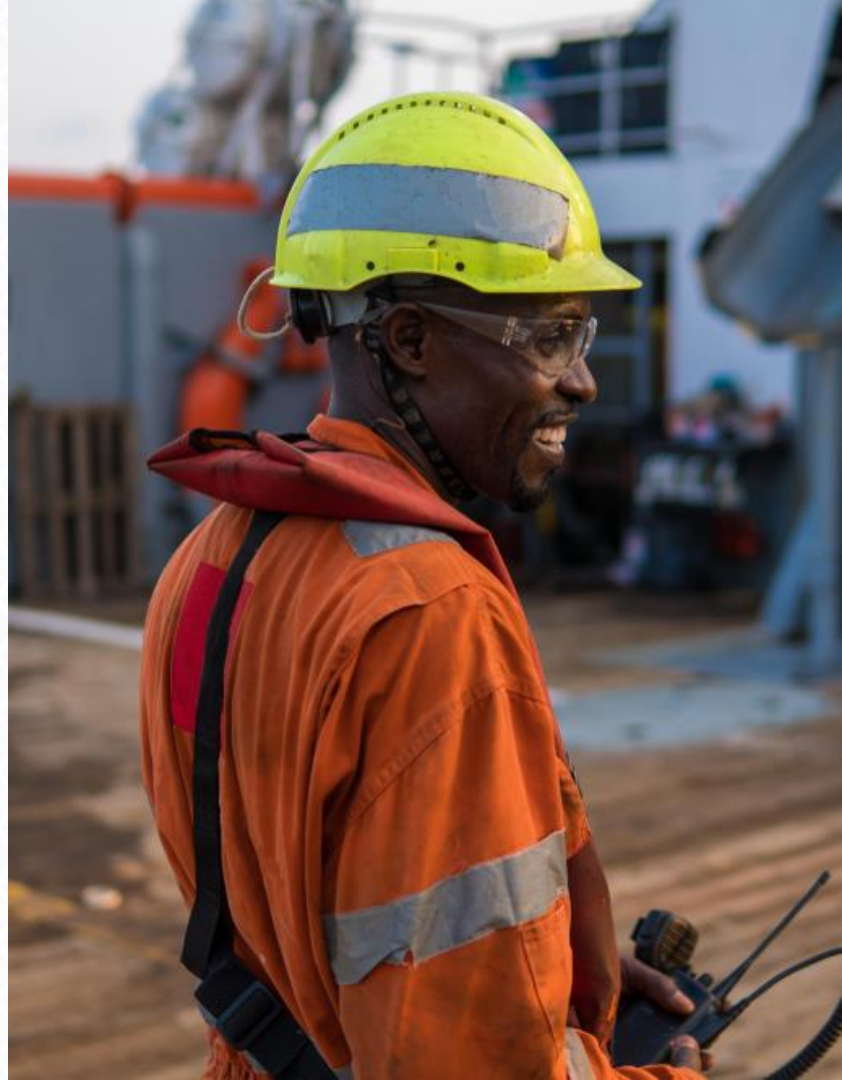




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## PRINCIPLES

- ISIC is using the SIC framework meaning that the aggregation pattern will be the same as SIC.
- ISIC final major versions (1.0, 2.0, 3.0 etc) will be updated on an annual basis, ie in January of each year. Working versions will be published as updated during the year.
- OM Insure will endeavor to share and promote the ISIC use to the benefit of all in the industry. ISIC use is free of charge.
- When the broker has to provide a quotation and establishes that such economic activity is not coded, they will send request to OM Insure for the new ISIC to be created. The turn around time to publish new ISIC code will be up to 5 working days. There is a provision in ISIC codes to assign such activity as general until the code is being created so not to delay any business processes.
- Users may design the search functionality for ISIC codes as they deem fit on their systems. Synonyms as typically being used in the industry and will be included to aid the search functionality.
- ISIC codes will be a mandatory field for OM Insure partners from the agreed date. ISIC code must be captured for all new policies and each policy undergoing renewal. Existing business descriptions as free text can still be used in addition to ISIC. Existing free text descriptions will be mapped to ISIC codes and updated with a batch upload on broker's system as once off for historical records.
- It is the responsibility of all stakeholders to map existing Business Descriptions to ISIC codes. OM Insure will provide the assistance wherever possible to its partners for this transition with batch updates.





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# DEFINITIONS AND CLASSIFICATION RULES

- ISIC is the Insurance Standard for Industrial Classification of all economic activities in South Africa. This list of values extensively covers most, if not all current types of economic activities.
- ISIC consists of:
  - the ISIC code (alpha-numerical, e.g. "A0113002") and
  - ISIC description (alpha, "Growing of asparagus vegetable").
- ISIC is a **mandatory field at the Policy level**
- System should allow for **multiple selection of ISIC codes (up to 10)** in cases where customer's business spans various types of economic activities or processes within the same activity. Multiple codes are to be separated with ; (semi-colon) for data transfer purposes to the Insurer
- If system initially does not cater for multiple ISIC selection, then the following rule should be applied until the system upgrade:
  - The classification of a multi-activity enterprise (for example, manufacture of bakery products is combined with manufacture of chocolate confectionery) should be determined by the unit which contributes most to the enterprise's latest annual turnover (ie principal activity).
  - If there is a need for the classification of a multi-stage activity or production (vertical integration) it should be treated in the same way as multi-activity of the enterprise. Examples of common vertical integration include tree felling and subsequent on-site sawmilling.





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# SIC AND ISIC (1.0) STRUCTURE OVERVIEW

- Primary
- Secondary
- Tertiary

**3**  
GDP SECTORS

**21** SECTIONS

**88** DIVISIONS

**238** GROUPS

**419** CLASSES

**525** SUB-CLASSES

**4,209** MICRO-CLASSES

Statistics  
South Africa:  
Standard  
Industrial  
Classification  
(SIC)

ISIC



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# HOW TO SEARCH FOR ISIC

- Most policy administration system providers already have in place the functionality for SIC or business categories even if they are not currently using it. However, if this still needs to be developed, it is recommended that the search is done in following 2 ways:
  - By drilling down from high level, ie Section, Division, Group, Class, Subclass and ISIC (or any one of these in combinations) AND
  - By searching for a key word. The search can return the ISIC list with corresponding structure of Section, Division, Group, Class and Subclass. The search can include synonyms.

### AN EXAMPLE OF ISIC SEARCH FUNCTIONALITY IN POLICY ADMIN SYSTEM

Section	Class	ISIC	Selected ISIC
<input checked="" type="checkbox"/> Manufacturing	<input checked="" type="checkbox"/> Manufacture of bakery products	Manufacture of bakery products <input checked="" type="checkbox"/> Manufacture of bread and rolls	Manufacture of bread and rolls
		Manufacture of fresh pastry, cakes, pies, tarts etc <input checked="" type="checkbox"/> Manufacture of rusks, biscuits and other "dry" bakery products	Manufacture of rusks, biscuits and other "dry" bakery products
		Manufacture of preserved pastry goods and cakes <input checked="" type="checkbox"/> Manufacture of snack products (cookies, crackers, pretzels etc.), whether sweet or salted	Manufacture of snack products (cookies, crackers, pretzels etc.), whether sweet or salted
		Manufacture of tortillas	
		Manufacture of frozen bakery products: pancakes, waffles, rolls etc.	
		Manufacture of bakery products N.E.C.	

Buttons: Add >, Remove <, Add All, Remove All

Selected ISIC (Max 10):  
OK, Cancel

**Group** filters:  
 Manufacturing of other products  
 Remove all filters  
 Search key word



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# HOW TO USE ISIC: EXAMPLE

ISIC ID	ISIC DESCRIPTION	How to use ISIC	
C10710000	Manufacture of bakery products	<input type="checkbox"/>	Use the ISIC code which ends with "000" when the company manufactures all listed products under such Subclass (C10710001 to C10710006) or it is not clear which products are specifically manufactured under the Subclass of "Manufacture of bakery product".
C10710001	Manufacture of bread, rolls and buns	<input checked="" type="checkbox"/>	<p>Use multiple selection of ISIC in cases where the company manufactures specific bakery product or multiple bakery products in this Subclass.</p> <p>If your system does not cater for this multiple ISIC selection currently, select one ISIC economic activity which contributes the most to the company's latest annual turnover (revenue).</p> <p>You should be able to select up to 10 of any ISIC Codes for multiple selection in your policy administration system.</p>
C10710002	Manufacture of fresh pastry, cakes, pies, tarts, muffins, etc	<input type="checkbox"/>	
C10710003	Manufacture of rusks, biscuits and other "dry" bakery products	<input checked="" type="checkbox"/>	
C10710004	Manufacture of preserved pastry goods and cakes	<input type="checkbox"/>	
C10710005	Manufacture of snack products (cookies, crackers, pretzels etc.), whether sweet or salted	<input checked="" type="checkbox"/>	
C10710006	Manufacture of frozen bakery products: pancakes, pizza bread base, waffles, rolls etc.	<input type="checkbox"/>	
C10710999	Manufacture of bakery products N.E.C.	<input type="checkbox"/>	Use the ISIC code which ends with "999" when the specific manufactured product is not listed, not elsewhere classified (N.E.C.) and send your request to Old Mutual Insure contact for the new ISIC ID and Description to be created and included in ISIC (for example: Manufacture of tortillas, C10710007). This will be added to ISIC within maximum 5 working days and you will then update/reassign ISIC from C10710999 to C10710007 on your policy administration system.



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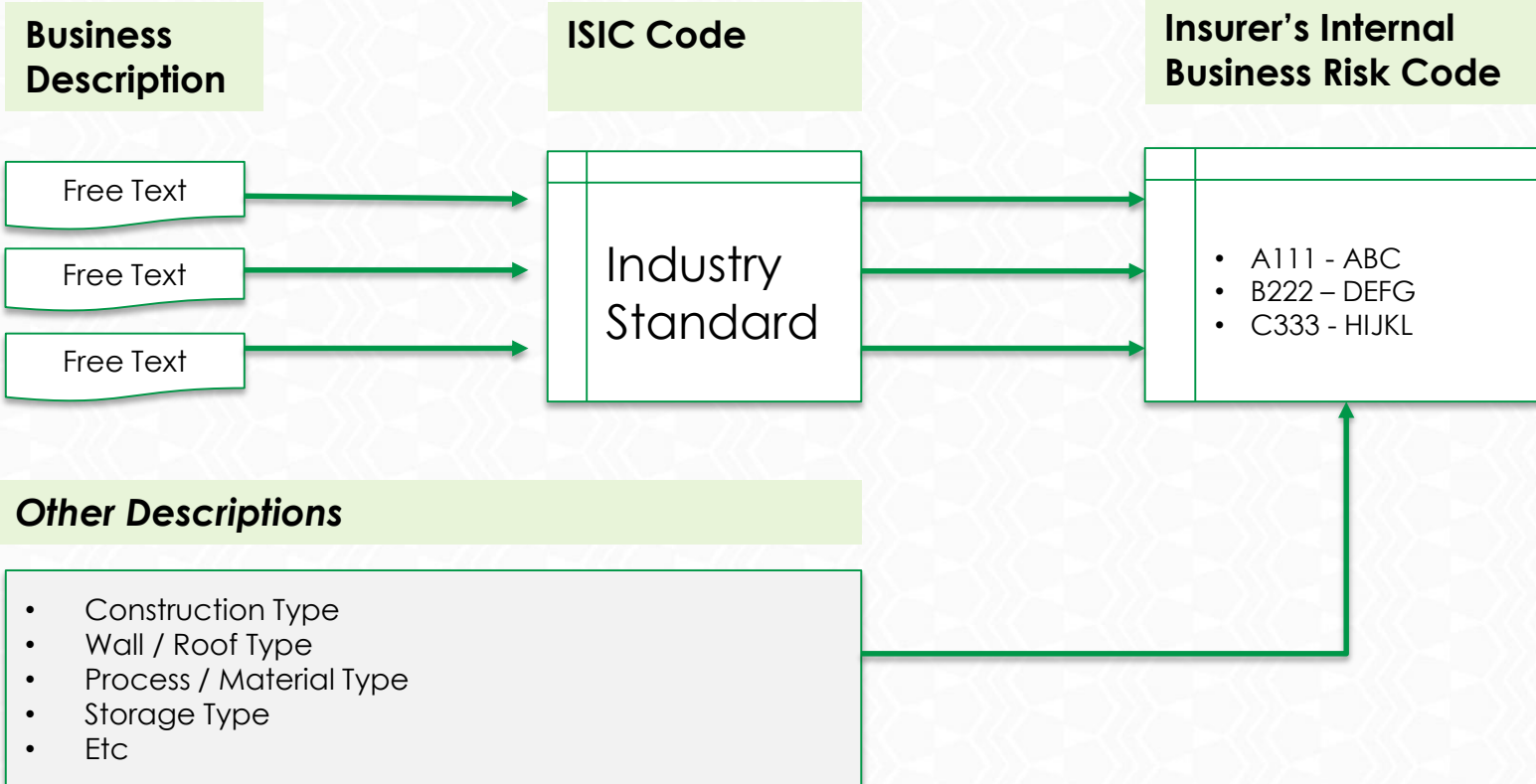
## EXAMPLE OF MAPPED BUSINESS DESCRIPTION (FREE TEXT) TO ISIC

Business Description (free text)	ISIC Code	ISIC Description
Garage/ Tuck Shop	G45500001	Retail sale of fuel for motor vehicles and motorcycles
Petrol station	G45500001	Retail sale of fuel for motor vehicles and motorcycles
General Dealer	G46100000	Wholesale on a fee or contract basis
Spreekkamers; Dokters (medies)	Q86201000	Medical practitioner and specialist activities
Rugbyklub	R93120024	Activities of sport club: Rugby
Supermark	G47110001	Retail sale of a variety of goods in supermarket and hypermarket stores
Boerdery	A01500000	Mixed farming
General farming: crops, livestock	A01500000	Mixed farming
Logistiek	H49230000	Freight transport by road
Transporter of goods	H49230000	Freight transport by road



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# USE OF STANDARD CLASSIFICATION



# THANK YOU

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