

Momentum Metropolitan Holdings acquires Alexander Forbes Short-term Insurance business in South Africa

Published: Jul 25, 2019 2:00:00 PM South Africa Standard Time

Momentum Metropolitan Holdings Limited (previously MMI Holdings Limited) is pleased to announce that it has entered into an agreement to acquire the Alexander Forbes Short-term Insurance business (AFI) from Alexander Forbes Limited.

"This strategic acquisition is in line with Momentum Metropolitan's overall Reset and Grow strategy, and specifically aims to fast track growth of the short-term insurance interests of the Group. Momentum Metropolitan's portfolio of businesses already commands substantial market share in the life insurance, investments, corporate and health product and advice arenas. This transaction now makes the Group a significant player in the short-term insurance market," says Hillie Meyer, CEO of Momentum Metropolitan.

Says Herman Schoeman, CEO of Momentum Metropolitan's non-life insurance portfolio: "In a lower growth market, size and scale is imperative for sustainable profitability. An acquisition of this nature

and quality rarely occurs in the South African short-term insurance market and we are excited by the opportunities it presents".

Strategic benefits of the transaction include:

- It adds immediate and significant scale to the Group's retail short-term insurance business: the transaction will more than double its client base to 150 000 policy holders.
- Momentum Metropolitan has identified short-term insurance as an industry segment into which the Group will invest capital to support its growth aspirations. Both Guardrisk and Momentum Short-term Insurance (MSTI) have shown strong performance in recent years. This transaction accelerates and broadens the sustainable growth plans for this market segment.
- The acquisition strengthens MSTI's distribution capabilities and complements its current client value proposition by providing a comprehensive, differentiated and diversified product and service offering, utilising fully integrated front and back offices.
- Supplementary to added scale, the transaction unlocks efficiencies and provides cross-sell opportunities, which will further strengthen growth prospects.

Schoeman highlights the intention to create an integrated retail short-term insurance unit, combining its current MSTI business unit and AFI: "The integrated business will trade under the Momentum brand, using one insurance license". He confirms that this transaction has no impact on the Guardrisk business, which will continue to operate as a specialist insurance group.

Momentum Metropolitan has experience in integrating a short-term insurance business into the Group, most notably through the acquisition of Guardrisk in 2014. "The integration of the two businesses will be undertaken in a phased approach, and the interests of existing clients and employees of both MSTI and AFI will be carefully looked after," says Schoeman.

Dawie de Villiers, CEO of Alexander Forbes, says: "A priority in selecting Momentum Metropolitan, was to ensure our clients would continue to experience the superior benefits and service excellence as they have at Alexander Forbes. We have selected a company that understands the value proposition provided to our clients and will continue to invest in enhancing it".

The proposed transaction is subject to regulatory approvals.