

12

INSURANCE SECTOR

MMI sells Eswatini operation to Vunani

Londiwe Buthelezi
Finance and Business Writer

MMI has sold its majority stake in Metropolitan Life (MetLife) Swaziland to Vunani for R55m. The insurer announced its intentions to exit Eswatini, as well as Mauritius, Mozambique, Tanzania and Zambia, in September 2018.

MMI struggled with volatile earnings, internal control problems and leadership challenges in these markets.

Though the Eswatini operation was profitable, MMI's latest annual report shows it contributed just 3% of new life insurance sales from the Southern Africa operations in the 2018 financial year, making it a much smaller operation compared to Namibia, Botswana or Lesotho, which contributed 46%, 31% and 20% respectively.

Vunani CEO Ethan Dube, however, said MetLife, which has assets in excess of R675m, has strong cash generation and well-established, recurring premium business. Metropolitan Life and Momentum opened offices in Eswatini in 2008 before the two merged in that country in 2010. MetLife now owns 100% of Momentum Insurance Swaziland.

THIS TRANSACTION SEES VUNANI, A FINANCIAL SERVICES GROUP, EXPAND INTO LIFE, SHORT-TERM AND HEALTH INSURANCE

Black-owned Vunani has a diversified financial services portfolio spanning asset management, asset administration, investment banking and stock broking, but until now did not have an insurance unit.

"This transaction sees Vunani, a financial services group, expand into life, short-term and health insurance in partnership with the highly experienced local management team," Vunani said.

Vunani, together with the current management of MetLife Swaziland, will hold 67% of the company, while the other 33% will remain in the hands of Eswatini Bank, which bought the stake in 2010.

The acquisition is still subject to regulatory approvals.

Vunani said it was approached by MetLife Swaziland to help it raise capital for buying out MMI, but saw an opportunity to invest itself. The company plans to rebrand the Eswatini operation, which includes long- and short-term insurance and health benefits offered through Momentum.

Dube said MetLife is an "ideal springboard" with which Vunani can diversify its financial services portfolio.

buthelzil@businesslive.co.za