

Sanlam moves into Nigerian insurance market

Sanlam said its associate company FBN Life Assurance had acquired 71.2% of Nigeria-listed short-term insurer Oasis Insurance for an undisclosed sum.



Sanlam's Robert Dommissie says Sanlam is looking at the general insurance market in Nigeria too.
Image: Sanlam

Sanlam owns 35% of FBN Life Assurance and the other 65% is owned by FBN Holdings, which runs FirstBank of Nigeria.

The idea is to use the banking footprint of First Bank of Nigeria to distribute motor and fire-insurance products provided by Oasis.

Sanlam Emerging Markets executive director Robert Dommissie, who looks after mergers and acquisitions, said the FBN Life Assurance deal with Oasis Insurance was a sign that the Cape Town-based insurer was happy with its partnership with FBN Holdings.

"We want to offer clients not only life but general insurance. This is the much bigger part of the Nigerian insurance sector," Dommissie said.

"We had no exposure to short-term insurance up until now."

Dommissie indicated that this was not a huge deal compared to the billions of rand that Sanlam Emerging Markets had spent on acquisitions in Asia.

Asked if Sanlam would consider increasing its holding in FNB Life Assurance to more than 35% now that the company had entered the short-term insurance industry in Nigeria, Sanlam corporate development executive Thabied Majal said this

depended on FBN Holdings' desire to dilute its stake in the partnership at FBN Life Assurance.

Majal said that Sanlam did have the appetite to increase its stake from the current 35%.

Small deal

Commenting on the Oasis Life Insurance deal, a Johannesburg-based analyst said: "It's a small deal. The reason they are going for it is probably because the regulator does not issue new licences for insurance. You get a sense that all they want is a licence."

SA's insurance companies have been looking to expand their insurance product offering in the insurance market of Africa's second-largest economy.

Last year Old Mutual completed the acquisition of Oceanic General Insurance in Nigeria. In February last year, Old Mutual had acquired the long-term insurance business Oceanic Life.

Liberty has deployed a senior executive to find a deal in Nigeria.

In the rest of Africa, Sanlam has indicated that it was looking at expansion opportunities in Angola, Zimbabwe and East African countries this year and that it preferred to make acquisitions and partnerships with local entities.

This is part of Sanlam's plan to expand into the high-growth emerging markets of Africa, India and South-east Asia. The company has discretionary capital of about R3bn to invest in these markets.

Asked about Angola, Dommissie said Sanlam was still at a very early stage of investigations into that market. Sanlam does business in 10 African countries, excluding SA.

These countries are Botswana, Namibia, Malawi, Kenya, Tanzania, Zambia, Ghana, Uganda, Swaziland and Nigeria.

Source: Business Day via I-Net Bridge

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