

SA's top insurers raided on suspicion of price fixing, collusion

By [Promit Mukherjee](#)

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South Africa's competition watchdog said on Thursday, 25 August, that it had raided the country's top insurers over suspicions of potential price collusion on their products.



Source: Reuters/Mike Hutchings

South Africa has the largest and the most advanced insurance market in Africa, and is home to companies that account for over two-thirds of total premiums collected across the continent by insurers.

Search and seizure

The Competition Commission said it suspected that eight insurers - Discovery, Sanlam, Old Mutual, Momentum, Hollard Insurance Group, BrightRock Life Limited, FMI and the Professional Provident Society Limited - had "engaged in collusive practices to fix prices and/or trading conditions".

The "search and seizure" operations at the companies were conducted over suspicions they had colluded on fees for investment products or for products such as chronic medical condition cover, disability cover, life cover and funeral assistance benefits, it said.

The companies under investigation shared information on premium rates for risk-related products and fees for investment products, which enabled them to adjust the prices of their existing and new insurance products, it alleged.

“ HAPPENING NOW: [#CompComSA](#) investigators will seize documents and electronic data, which will be analysed together with other information gathered to determine whether these firms have contravened the Competition Act. [#insurance](#) [#dawnraids](#) [#pricfixing](#)— CompComSA (@CompComSA) [August 25, 2022](#) ”

"We uphold all of the principles of the Competition Act and are complying with the Commission's request for data and information related to their investigation, and will continue to cooperate with their industry-wide investigation to the fullest extent possible," Discovery said in a statement.

Sanlam Life said it had cooperated with the Commission's investigators and would communicate to all its "relevant stakeholders as appropriate".

"We are committed to acting responsibly while executing our business strategy and delivering great value to all our stakeholders," Old Mutual said in a statement.

The other companies did not immediately respond to requests for comment.

South African insurers have had a tough two years due to the pandemic as high mortality claims ate into their profits and forced many to withhold dividends. But their earnings have slowly started coming back to pre-pandemic levels.

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