

MMI long-term insurance licence amalgamation approved

Published: May 20, 2013 8:00:00 AM South Africa Standard Time

The High Court of South Africa in Pretoria has approved the amalgamation of the two main long-term insurance licences of the MMI Holdings Limited group. MMI Holdings Limited was created in December 2010 through the merger of Metropolitan and Momentum.

Duplicated licensed entities and systems (resulting from the merger) are currently being consolidated. The approval of the amalgamation of the licences on 20 May (in terms of Sections 37 and 38 of the Long-term Insurance Act) represents an important milestone towards the rationalisation of MMI Holdings' legal entities.

The court approval means that the current and future long-term insurance policies of Metropolitan and Momentum will all be underwritten by the same long-term insurance licensed entity. There will be no change to the terms and conditions, or the benefits of the policies. The amalgamated licence is held by MMI Group Limited which is a wholly-owned subsidiary of MMI Holdings Limited.

Policyholders will continue to deal with Metropolitan and Momentum as the client-facing brands and all the current client

contact details remain unchanged.

'This amalgamation constitutes an important milestone in the integration process of Metropolitan and Momentum. Benefits include easier transferability of capital within the MMI Holdings group, more optimal use of capital because of further risk diversification and more efficient and simplified governance structures and compliance arrangements,' says Nicolaas Kruger CEO of MMI Holdings.

MMI announced in March 2013 that it was on track to achieve the R500 million annual merger-savings target, having realised annual merger savings of R256 million up to 31 December 2012. The amalgamation of the two main long-term insurance licences will deliver further cost savings for the group. These cost savings and improved capital efficiency forms part of MMI's active approach towards the management of its capital. 'MMI's healthy capital buffer puts the group in a good position for the implementation of Solvency Assessment Management (SAM) that is on the horizon and also provides accessible capital to invest in growth opportunities,' says Kruger.

'The approval of the amalgamation of the licences is another demonstration of the success of the merger. Operating divisions can now focus on their organic and strategic growth plans aimed at achieving our vision to become a leader in meeting the financial services needs of our clients,' concludes Kruger.

