

# Sanlam acquires full control of BrightRock; drives growth in SA's independent intermediary market

BrightRock today (2 February 2023) gave a business update on its performance and plans following the announcement by majority shareholder, Sanlam, last week that it would increase its stake in BrightRock from 62% to 100%.



Source: Supplied.

The value of this transaction is between R494m and R836m (excluding roll forward growth rate), paid over the next three years, depending on new business targets being met.

According to BrightRock chief executive officer, Schalk Malan, the acquisition will support BrightRock's growth strategies, and position BrightRock strongly for the future.

BrightRock continues to operate as a separate business, with its own brand, product offering, and management team.

From when it started just over a decade ago, BrightRock has grown from a zero base to over R393bn cover in force, with total annualised premium income of more than R2.1bn.

From 2017 to 2019, BrightRock delivered an average 21.5% operational RoGEV (Return on Group Embedded Value) to Sanlam.

“With Sanlam as our partner, BrightRock has been able to access the capital and backing to support our growth and continued to grow through our unique brand and product technology,” says Malan. “This an important step forward for BrightRock’s future growth strategies. It’s also a testament to what we’ve achieved and to the industry-changing power of our unique, needs-matched product technology.”

## Delivering more cover for clients

According to the recently released Swiss Re new business volumes survey, BrightRock ranked first by sum assured in the intermediated IFA individual life market in 2021 for the second year running, with 16.6% of the overall cover purchased in the market placed with BrightRock.

Interestingly, BrightRock only received 12.6% of the premiums in this same market, a fact that Malan says demonstrates the efficiency of BrightRock’s needs-matched product offering.



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6 Feb 2023



“The fact that we have the highest cover but not the highest premiums indicates that we’re living up to our promise of giving clients more cover for the same premium rand.

On average, over the year, BrightRock clients bought 32% more cover for a market-average premium than they could have bought with any other insurer in the market,” he says. Similarly, BrightRock also held the highest market share for funeral products sold in the IFA space, with a 21.9% share of the total sum insured according to the same survey.

## Record claims payments to BrightRock clients

Speaking of BrightRock’s performance in the market, Malan highlights its claims performance.

“Claims are the ultimate test of how we are delivering for our clients, and I’m proud that BrightRock has paid out R4.6bn in claims to date. In 2022 alone, we paid over R1bn to our clients, and this was the second year running BrightRock has paid out over a billion rand in claims, which is more than the total claims paid in its first seven years in the market,” he says.

“While we are starting to see signs that claims are returning to pre-Covid-19 levels, claims volumes remained high in 2022 and we paid our highest claim ever in November 2022, a death claim to the value of R143m in total.”

## The future looks bright

Malan is optimistic about the future for BrightRock, especially in the context of the Sanlam ownership deal: “Sanlam has been an amazing growth partner to BrightRock over the past five years and we’re excited to build on the strong foundations we have created together.

“With the full backing and support of Africa’s largest insurance company and BrightRock’s team, we’re positioned more strongly than ever to keep growing and meeting our clients’ needs,” says Malan.

Malan says the BrightRock team’s focus will be on capitalising on its individual risk and funeral products’ strong position in the independent broker market.

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Flowing from the transaction, Sanlam's corporate group risk division will take over the BrightRock's group risk book. This transition is expected to take place over the course of the next year and will further support both businesses' strategies through an optimised structure that plays to their respective strengths, marketing positioning, and growth strategies, he adds.

BrightRock and Sanlam will be collaborating closely in coming months to unlock synergies, build efficiencies and explore opportunities that benefit both parties, and above all, the clients of BrightRock.

Chief executive officer of Sanlam Retail Affluent, Anton Gildenhuys, says that: "Since inception BrightRock has established a credible presence and presented a valuable proposition to people's insurance needs.

Sanlam and BrightRock's offerings combined have the largest market share of new retail risk sales in the independent broker market, according to the latest NMG market share survey.

"We are pleased to have contributed to BrightRock's success since becoming a shareholder in 2018 and we now believe the opportunity is right to realise future growth prospects."

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