Old Mutual reports 62% profit rise, aims for more

South African insurer Old Mutual has reported a 62% increase in half-year profits, and its chief executive officer said it aimed to exceed pre-pandemic earnings by the end of 2023 as the need to set aside provisions for pandemic mortality claims recedes.

Source: Reuters.

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.

But they have had two difficult years as provisions to cover claims arising from Covid-19 lowered their profits and forced many to withhold dividends.

Old Mutual, one of the country's most conservatively-provisioned insurers, was among a handful to maintain dividends last year and on Tuesday declared a dividend of 25 cents per share for the half year.

Chief executive officer Iain Williamson said that its provisioning, including the amount set aside for Covid-19 claims last year, was more than adequate and the company could recover to pre-pandemic levels.

"Our profit numbers are not quite at 2019 levels.. but we are aiming for pre-pandemic plus 10% by the end of next year," Williamson said, adding the insurer was not giving out profit guidance for the current year.

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

Promit Mukherjee 25 Aug 2022

Its headline earnings per share, the main profit measure in South Africa, stood at 116.3 cents ($0.0689) for the six months to June 30, up from 71.7 cents a year earlier, but still below pre-pandemic numbers.

South Africa's competition watchdog last week raided the country's top insurers including Old Mutual as part of an ongoing investigation into suspicions of potential price collusion during the time of the pandemic.

"As a corporate citizen that stands for governance and good ethics, we would never knowingly contravene the laws of the country," the chief executive officer said.

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