

Old Mutual sells its noncore Bermuda business operation

Old Mutual has sold its Bermuda business to Beechwood, a provider of offshore insurance products and reinsurance, for an undisclosed amount.



Lirioke Oscar via [Wikimedia Commons](#)

The deal forms part of Old Mutual's plans to exit Bermuda when its guaranteed minimum accumulation benefits mature in 2018. Old Mutual Bermuda Holdings has been a noncore business to the Old Mutual Group and reported profit after tax of just £1m in the 2014 financial year. In March 2009, Old Mutual closed the Bermuda operation to new business.

At the end of December 2014, it employed 22 people. When the third quarter ended last September the Bermuda business had £500m in funds under management and £100m in net client cash flow.

"As part of the transaction, Old Mutual has agreed to provide Beechwood with administration services for three years," Old Mutual said.

Certain regulatory approvals were still required for the transfer of future policy administration arrangements and these were expected to be fulfilled by the end of the first quarter this year, it said.

"This transaction offers a unique opportunity to strengthen our position as a global leader and demonstrates our dedication to providing innovative financial solutions for international investors," Beechwood CEO Mark Feuer said.

Following its strategy to sell noncore assets, Old Mutual sold Skandia Leben in Switzerland last year as part of Old Mutual Wealth's plans to simplify its operations. In 2014, its Skandia Germany and Austria business were also sold.

In the UK, Old Mutual is looking to build its wealth operation and has put less focus on growing the insurance business in that country. As part of its strategy to build Old Mutual Wealth in the UK, the company bought investment management business Quilter Cheviot in a deal that was completed last year.

Old Mutual shares on the JSE ended flat yesterday at R38.64 a share. Rival insurer Sanlam ended up 1.52% to R58.12.

Source: Business Day

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