

# BRYTE HISTORY

## 1849

The history of Bryte's South African enterprise can be traced as far as the 1800s. In 1849 by Bryte's ancestor company, Star Life, sold a policy to a J Polkinghorne.

## 1937–1968

Eagle Star established its own offices in Cape Town in 1937, and later expanded into Johannesburg and Durban. In 1965, Eagle Star South Africa merged with two local companies and debuted as SA Eagle on the JSE, in 1968.

## 1984

The Zurich Insurance Group was formed in 1984 following the takeover of Eagle Star of London by British American Tobacco Industries ("BAT") and, later, the merger of BAT Industries' financial services businesses. SA Eagle became part of the Group.

## 2007

SA Eagle started operating under the global Zurich brand in 2007. Following the repurchase by Zurich Insurance Group of the equity held by Royal Bafokeng Finance, Zurich South Africa's major shareholder owned 84.05 per cent, and the remaining shares were held by several minority shareholders.

## 2016

On 16 February, Zurich announced that as part of the group's ongoing strategy to reshape its global footprint, the decision was taken to evaluate the South African market, and the business built in South Africa and Botswana to see how they fit within the wider global business.

On 25 April, the review process was firmly underway and, while no decision was taken, it was validating to see the very high level of attention and response from multiple parties.

On 27 June, potential investors reviewed the financial and other operational information, in order to submit a final bid for the Board and Group's consideration.

On 6 July, Fairfax Financial Holdings Limited ("Fairfax"), a Canadian holding company with many internationally renowned insurance and reinsurance organisations in its portfolio, made a binding offer for the business.

On 8 July, the transaction was confirmed, subject to regulatory and competition commission approvals.

On 8 December, all regulatory approvals in South Africa, Botswana and Mauritius were received.

## 1917

In 1917, when British insurance pioneer, Sir Edward Mountain, merged the interests of the British Dominions Marine Insurance Company with the Eagle and Star Life insurers, Eagle Star Insurance came into existence.

## 1972

Originally a composite insurance company, SA Eagle sold its life fund in 1972, having led the market with innovative equity-linked long-term products.

## 2005

In 2005, the Zurich Insurance Group signed an agreement to sell a 10 per cent stake of the total issued share capital of SA Eagle to Royal Bafokeng Finance Proprietary Limited – a company wholly owned by the Royal Bafokeng Nation. Subsequently, this has increased to 25.1 per cent.

## 2015

Zurich South Africa completed its delisting process from the Johannesburg Stock Exchange ("JSE") on 23 September, following the successful acquisition by SA Fire House of the Company's remaining equity from minority shareholders.

## 2017

In February 2017, the Bryte brand is born. The new corporate identity is launched along with an innovative new brand strategy.

## Fairfax bullish on SA and has cash to deploy

**The insurance company says it wants investments that would give it control or significant influence**



Fairfax Financial Holdings, a Canadian-based investment holdings business with predominantly insurance and reinsurance assets, says it has \$500m to deploy in Africa.

The group, listed on the Toronto Stock Exchange and led by billionaire Prem Watsa, is also bullish on SA.

"We happen to be really quite optimistic about SA. We take a long-term view and we believe SA is uniquely positioned," said Mark Cloutier, a Fairfax representative and incoming chairman of Bryte Insurance, formerly Zurich Insurance Company SA. Fairfax raised the \$500m in equity capital (housed under Fairfax Africa) via an initial public offer for subordinate voting shares, private placements and a commitment from its parent, Fairfax Financial.

Fairfax Africa would seek investments with a view to acquiring control or significant positions of influence, the group said. Its investment objective was to achieve long-term capital growth by investing in debt and equity instruments of businesses primarily conducted in Africa, it said.

Fairfax bought Bryte Insurance, the new brand of Zurich Insurance in SA and Botswana, from the Zurich Insurance Group in 2016 for R1.8bn. Also in SA, Fairfax has bought a 7.15% stake in reinsurer Africa Re and a 50% stake in specialist liability underwriter Camargue, through another of its subsidiaries, Brit Insurance.

Fairfax made its first investment in the country in 2014, when AgriGroupe Investments, in which it is the largest investor, acquired a 60% stake in agricultural and foods group Afgri. Cloutier, who is executive chairman of Brit, said Fairfax was in "early-stage discussions" with two private insurance businesses in SA.

There was significant growth potential for insurance in the country as the transformation agenda progressed, he said. Short-term insurers have struggled to grow premium income in a country with economic growth below 1%.

But Cloutier said the country would resemble other emerging markets from a demand standpoint, as people increasingly acquired assets that needed to be insured. SA had a strong culture of insuring valuable assets, which was not the case in all countries, he said. "We continue to make investments in SA and explore opportunities in the insurance and reinsurance worlds," Cloutier said.

Watsa founded Fairfax in 1985, earning net insurance premiums of \$10m that year. In 2015, it earned net premium income of \$7.5bn. Fairfax's net earnings amounted to \$642m in 2015, a 61% decline on the previous year due to larger losses from claims. Figures from September 2016 indicate that the company has a \$44bn balance sheet.

Watsa — referred to as "Canada's Warren Buffett" by the likes of Forbes, Irish Times and Financial Post — is adept in financial markets. He sold nearly \$5bn in US Treasury bonds ahead of that country's recent election, saving a lot of money, Forbes reported, as bond prices fell sharply on the news of Donald Trump's election. Giving Bryte its independence and "putting Fairfax's financial strength behind it" would give the company an advantage in SA, Cloutier said.

