



Nishen Bikhani

Partner
Insurance

Tel: +27 60 720 4937

Email: nishen.bikhani@kpmg.co.za

Life insurance industry results analysis

Global and South African life insurance markets showed resilient asset growth and steady claim payouts through 2025 and into 2026, driven by higher interest rates and strong equity markets despite economic headwinds. Key features of results released by South African insurers for the period include:

- assets under management crossing R5 trillion for the first time, with 2025 ending at R5.2 trillion.
- total in-force risk and savings policies rising by 4% to 46.2 million.
- insurers settling 94.1% of reported individual death, credit and funeral claims in 2025, paying out R44.2 billion worth of claims.
- capital buffers remaining healthy with a solvency ratio of 1.89, nearly double regulatory minimums.

These outcomes are even more impressive when set within the context of the complex and contrasting market and macroeconomic backdrop. South Africa's economic environment improved through 2025 and into the first half of 2026 but remained characterised by low growth and structural constraints. Inflation moderated, interest rates declined, the Rand strengthened and electricity stability improved. High unemployment, affordability pressures, logistics constraints and fiscal limitations continued to restrict growth.

Further implications of the macroeconomic environment for the sector included:

-  lower inflation and interest rates providing a more supportive environment for sales, retention and household cash flow.
-  improved confidence supporting asset values, fee income and investment flows.
-  a stronger Rand reducing translated international earnings and embedded value.
-  weather and climate volatility continuing to pose a significant risk for diversified insurance groups with general insurance operations.
-  high unemployment and living costs constraining penetration, premium affordability and policy persistency.

Consistent with prior years, while we have surveyed a number of life insurers across the market, our analysis focusses on the largest life insurance groups in the South African market.

Our overall observations are summarised below:

Discovery and Momentum reported strong growth in FY2026, with Old Mutual and Sanlam maintaining momentum into the first half of 2026.

Sanlam and Momentum generated equity-value returns above hurdle thresholds or prior-year levels.

Old Mutual's value of new business (VNB) margin recovered modestly following the weakness experienced in FY2025, with Sanlam and Momentum also facing margin pressure in FY2025.

Solvency remained strong despite acquisitions, lower yields, distributions and capital deployment.

Higher dividends and buybacks indicate confidence, but cash conversion and remittances remain important.

At a glance, we continue to see robust results and solvency well above the required regulatory minimum thresholds.

The results presented below reflect the most recently available public information.

Group	Earnings / profit	Value	Capital
Old Mutual	FY25 RFO ¹ : R9.8bn H1 FY26 RFO: R5.3bn	FY25 VNB: R850m H1 FY26 VNB: R569m	FY25 solvency: 162%
Sanlam	FY25 NRFFS ² : R15.9bn H1 FY26 core earnings: R7.4bn	H1 FY26 VNB: R1.0bn H1 FY26 RoGEV ³ : 15.5%	H1 FY26 solvency: 177%
Discovery	FY26 normalised operating profit: R17.75bn	FY26 EV ⁴ : R143bn FY26 ROEV ⁵ : 14.1%	FY26 leverage: 15.4%
Momentum	FY26 normalised HE ⁶ : R7.06bn	FY26 EV: R66.59bn FY26 ROE ⁷ : 22.3%	FY26 SCR ⁸ cover: 1.50x
Liberty	FY25 profit: R3.9bn	FY25 service result R10.0bn	FY25 coverage ratio: 1.47x

¹ RFO: Results from operations

² NRFFS: Net result from financial services

³ RoGEV: Return on group equity value

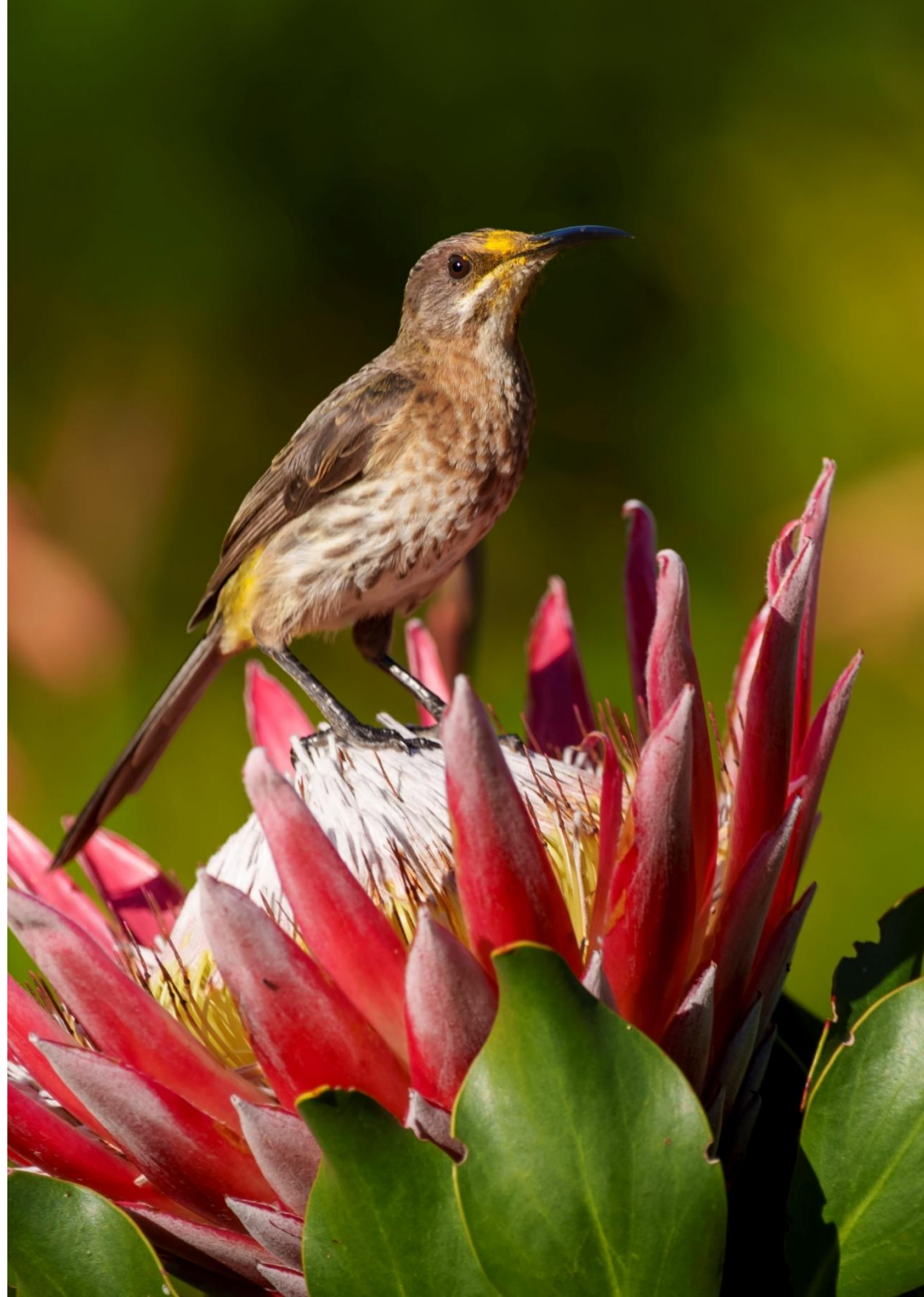
⁴ EV: Embedded value

⁵ ROEV: Return on embedded value

⁶ HE: Headline earnings

⁷ ROE: Return on equity

⁸ SCR: Solvency capital requirement



The next section provides deeper analysis into the results of each large life insurance group.

Old Mutual

Metric	FY2024	FY2025	H1 FY2026	Commentary
Results from operations	R8.7bn	R9.8bn	R5.3bn	Strategic highlights - Implementation of a decentralised operating model across five clusters to improve accountability and profitability. - R3bn buyback announced with about R0.7bn executed by FY2025 year-end. - Acquisition of 10X Investments for R2.2bn, expanding digital and passive investments. - OM Bank reached about 742,000 customers and R1.4bn deposits by June 2026. - Cumulative cost savings reached R936m against the R2.5bn FY2027 objective.
Adjusted headline earnings	R6.7bn	R8.3bn	R3.0bn	
RoNAV ⁹	13.0%	15.2%	Not stated	
VNB	R1.50bn	R850m	R569m	
VNB margin	2.5%	1.2%	1.4%	
Group solvency	184%	162%	Not stated	

Overall, the Group delivered improved earnings, supported by a strong capital position that provided a sound base. Board priorities reflected over this period continued to include:



restoration of VNB margin and persistency while sustaining sales.



management of scaling, integration and the path to breakeven for banking operations.



maintaining disciplined capital allocation across buybacks, acquisitions and organic investment.

⁹ RoNAV: Return on net asset value

Sanlam

Metric	FY2024	FY2025	H1 FY2026	Commentary
New business volumes	R420.2bn	R496.0bn	R223.6bn	Strategic highlights - Increased ownership in Shriram Life and Shriram General Insurance in India. - Completed the Ninety One transaction, recognising an IFRS disposal gain of R3.2bn and retaining an interest in the investment. - Completed the SanlamAllianz integration across eleven jurisdictions, with an inaugural dividend earned of R500m. - Advanced GoTyme retail credit and banking strategy, with a broader launch planned from 2027. - Announced a R3.2bn subscription into African Rainbow Capital Investments.
Net client cash flows	Not stated	R127.0bn	R77.6bn	
VNB	R2.90bn	R2.29bn	R1.05bn	
VNB margin	2.8%	2.0%	1.80%	
Adjusted RoGEV	18.0%	15.7%	15.5% annualised	
Economic solvency	188%	183%	177%	

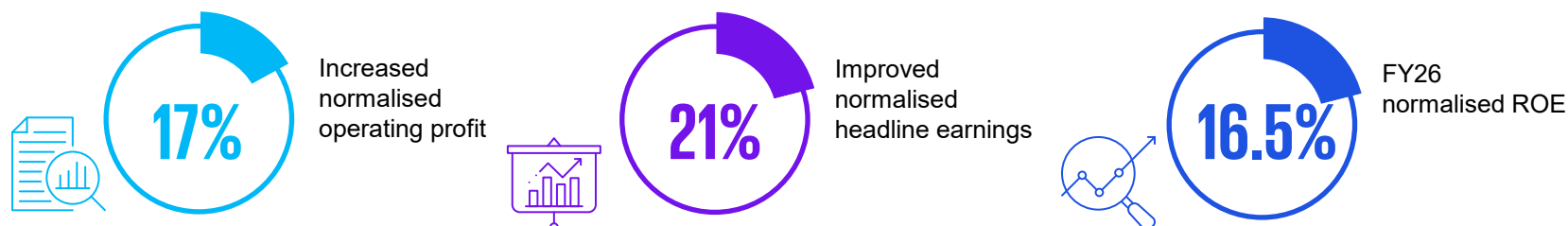
Sanlam delivered strong organic growth and major strategic execution across FY2025 and H1 2026. Client activity was robust, solvency remained strong after capital deployment and adjusted RoGEV continued to be achieved above the hurdle threshold. H1 FY2026 earnings were moderated by weather claims, weaker investment returns, currency effects and investment in growth initiatives.



Discovery

Metric	FY2025	FY2026	Movement	Commentary
Normalised operating profit	R15.21bn	R17.75bn	+17%	Strategic highlights - Discovery South Africa's operating profit grew by 16%, with all major businesses contributing positively. - The Vitality composite's profit grew by 21%, however, the strong UK performance was partly offset by Japan-related volatility. - Discovery Invest's net client cash flows nearly doubled to R6.3bn. - Discovery Bank expanded clients, deposits and advances while improving its credit loss ratio. - Corporate actions included the purchase of its head office property, 1 Discovery Place, a partial disposal in its investment in Cambridge Motor Telematics and global restructuring. Post the FY25 year-end, Discovery Limited acquired Ramp Health and post the FY26 year end, it finalised its acquisition of Icario Holdco on 1 September 2026, both through its US subsidiary, Vitality Group International.
Normalised headline earnings	R9.78bn	R11.80bn	+21%	
Normalised ROE	15.4%	16.5%	+1.1 pts	
Cash conversion	80%	85%	+5 pts	
Embedded value	R126.55bn	R142.92bn	+13%	
Dividend per share	288c	384c	+33%	
New business API ¹⁰	R26.49bn	R28.16bn	+6%	
Discovery Bank result	R68m loss	R370m profit	Turned profitable	

Discovery delivered a strong FY2026 result with broad-based growth across South Africa and the Vitality composite. Normalised operating profit increased by 17%, normalised headline earnings by 21% and normalised ROE improved to 16.5%. Cash conversion strengthened and leverage declined despite the debt-funded purchase of 1 Discovery Place.



¹⁰ API: Annual premium income

Momentum

Metric	FY2025	FY2026	Movement	Commentary
Normalised headline earnings	R6.26bn	R7.06bn	+13%	Strategic highlights - The Group's impact strategy drove cost, distribution, digital and vertical-integration initiatives. - Issue of R1.5bn of subordinated debt and repurchase of 45m shares for R1.6bn. - Ghana operations were disposed of and Mozambique operations were classified as held for sale. - Guardrisk benefited from Zestlife and Admed investments; India operations returned to profitability.
Operating profit	R5.48bn	R5.97bn	+9%	
Dividend per share	175c	230c	+31%	
PVNB ¹¹	R79.79bn	R93.80bn	+18%	
Value of new business	R469m	R491m	+5%	
New business margin	0.6%	0.5%	-0.1 pts	
Diluted embedded value	R57.85bn	R66.59bn	+15%	
Return on EV	17.9%	22.3%	+4.4 pts	
Group SCR cover	1.64x	1.50x	-0.14x	
Cash generated	R4.51bn	R3.75bn	-17%	

Momentum achieved its R7bn normalised headline earnings target one year earlier than its expected plan. FY2026 earnings were broadly based and operationally driven, with every operating business contributing profitable results. Strong Metropolitan, Investments, Guardrisk, Health and Africa results offset weaker Retail and Corporate performance.

Board priorities continue to include:



improving new business profitability and closing the sales-to-value gap.



monitoring yield sensitivity, solvency and cash remittances.



delivery of Retail and Corporate recovery plans, including market-risk exposure, product economics and underwriting performance, to ensure these do not weigh down the results of the rest of the Group.

¹¹ PVNB¹¹: Present value of new business premiums

Liberty

Area	FY2025	Interpretation
Profitability	Group profit: R3.9bn PBT ¹² : R8.3bn	Improved operating and investment performance
Insurance	Service result: R10.0bn	Stronger margins and controlled expenses
Standard Insurance (general insurance subsidiary)	Profit: R734m Insurance service result: R981m	Material contribution after integration
Capital	Regulatory coverage: 1.47x	Robust position
Portfolio	Property optimisation and non-core assets held for sale	Continued reshaping of portfolio
Investment strategy	Energy-transition and private-market initiatives	Supports long-term growth

Liberty reported a stronger FY2025 result, supported by improved insurance earnings and higher investment income. Group profit increased by 10% to R3.9bn, the insurance service result rose from R8.0bn to R10.0bn, insurance revenue increased by 6% to R37.9bn and net investment income rose to R55.5bn.

Conclusion

Our key takeaways from our review of life insurers' results for 2025 and the first half of 2026 are as follows:

- Financial resilience is strong, with improved earnings, embedded value and distributions across most groups.
- The quality of growth is mixed: strong demand did not always translate into higher VNB margins or cash.
- Capital is actively balanced across acquisitions, debt, dividends, buybacks and organic investment.
- Models are converging around ecosystems spanning insurance, banking, investments, health and digital engagement.
- International strategies are increasingly important in India, Africa and US healthcare.
- Execution and control risks include technology, integration, assumptions, data, weather and market volatility.

¹² PBT: Profit before tax