

Media statement
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Telkom launches life insurance business with Guardrisk

On 1 August 2020 Telkom launched Telkom Financial Services, which includes a life insurance business that will initially sell funeral insurance, written out of a Guardrisk Life cell captive, to its more than 12 million customers.

Telkom owns a significant share of South Africa's mobile market, as of 31 March 2020 the company recorded 23.9% growth in active mobile subscribers, effectively giving it one of the most significant distribution channels for insurance products in South Africa.

"In recent years, Telkom has made a strategic shift to digital distribution, which puts it in an ideal position to distribute insurance products using its considerable digital structure and intellectual property," said Sibusiso Ngwenya, Managing Executive for Telkom Financial Services.

Telkom's goal in building an insurance business of scale is to be able to use its size to negotiate the best deal for its customers.

"Telkom customers already have a strong affinity to our brand, they trust us; being able to launch our funeral insurance product to our existing customer base gives us the ideal platform to get the business off the ground by offering our customers customised life insurance products, starting with the Telkom Funeral Plan," said Ngwenya.

Telkom's confidence in Guardrisk Life is underscored by the business' decision to also incept a first-party Guardrisk Life cell to underwrite the employee benefits offered to its own staff.

"This strategic partnership between Guardrisk Life and Telkom creates an exciting platform through which to provide Telkom customers with affordable, innovative insurance products," said Francois Schaap, Managing Executive of Guardrisk Life.

“We’re excited to partner with Telkom, one of South Africa’s best-known brands, not only to offer them the opportunity to sell insurance to their customers but also to let them shape employee benefits that suit their employees’ specific needs.”

About Guardrisk Life

Guardrisk Life – part of the JSE-listed Momentum Metropolitan Holdings Limited – launched as South Africa’s first life cell captive insurer in 1999. Essentially, a cell captive facility gives clients all the benefits of owning their own insurance company without the inherent cost, regulatory and administrative implications. Cell captives provide underwriting, reinsurance, claims management, investment and accounting functions for clients (cell owners), which keeps costs down and gives clients access to a broad base of insurance skills. A first-party cell gives corporates a vehicle through which to write their own insurance risks; while a third-party cell lets clients sell insurance products to their customers, boosting their business’ earning potential and building their brand.