



South African Reserve Bank

## **Media release**

**Tuesday, 13 November 2108**

### **Order for the provisional curatorship of Bophelo Life Insurance Company Limited**

Bophelo Life Insurance Company Limited (Bophelo Life) is a registered long-term insurer and a financial services provider. Bophelo Life was registered with the then Financial Services Board as a long-term insurer in April 2014. Bophelo Life is an unlisted public company, wholly owned by Bophelo Insurance Group (Pty) Limited.

Bophelo Life is registered to conduct business in respect of the assistance, disability, health and life classes of long-term policies as outlined in the Long-term Insurance Act 52 of 1998, until its registration is converted to a licence in respect of the Insurance Act 18 of 2017 (Insurance Act). Bophelo Life's insurance business consists mostly of group life and group funeral policies.

Bophelo Life experienced increasing financial soundness challenges from the first quarter of 2018. Following the South African Reserve Bank placing VBS Mutual Bank (VBS) into curatorship, Bophelo Life's financial soundness position was significantly impacted due to intragroup transactions with VBS.

In April 2018 the Prudential Authority (PA) issued Bophelo Life with a section 12(1) notice prohibiting Bophelo Life from writing any new business due to its inability to continue to meet its registration conditions.

Bophelo Life was subsequently placed under provisional curatorship by order of the High Court of South Africa, Gauteng Local Division, Johannesburg, on 6 November 2018. The curatorship application was done in accordance with the provisions of section 54(1)(a) of the Insurance Act, read with section 5(1) of the Financial Institutions (Protection of Funds) Act 28 of 2001 (FIA).

Based on the information available, the PA is of the opinion that the curatorship of Bophelo Life is in the best interest of its policyholders due to the long-term insurer's non-compliance with the minimum capital requirement and the solvency capital requirement, as prescribed in the Insurance Act.

True South Actuaries and Consultants (Pty) Limited (True South) has been appointed as the provisional curator for the entire business of Bophelo Life, subject to the control of the PA. Mr Francois Hugo and Mr Paul Zondagh have been appointed as True South's representatives to manage the affairs of Bophelo Life, with the interests of its policyholders and creditors in mind.

The curatorship presents the most suitable and most effective mechanism to facilitate the orderly management of Bophelo Life. With the appointment of the curator, the current board and management are relieved of their powers and these are vested in the curator.

The curator will prepare a report to the High Court of South Africa that will include details of the financial soundness, assets, liabilities, minimum capital requirement and the solvency capital requirement of Bophelo Life, as well as the status of any business conducted by Bophelo Life and associated companies, any irregularities committed by Bophelo Life, and steps to be taken to safeguard the interest of its policyholders.

The PA wishes to assure the public that the South African insurance sector remains safe, sound and adequately capitalised.

**Issued by:**

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