



South African Reserve Bank imposes administrative sanctions in terms of the Financial Intelligence Centre Act 38 of 2001, as amended

The South African Reserve Bank (SARB) has imposed administrative sanctions on three life insurers and directed them to take remedial actions. The SARB found weaknesses in each of the life insurers' money laundering control measures in terms of the Financial Intelligence Centre Act 38 of 2001, as amended (FIC Act), following inspections conducted during 2019.

The life insurers on which administrative sanctions were imposed are Clientele Life Assurance Company Limited, Hollard Life Assurance Company Limited and Outsurance Life Insurance Company Limited. The life insurers are accountable institutions (AIs) in terms of Schedule 1 of the FIC Act, whereas the SARB, and the Registrar of Banks (whose role was assumed by the Chief Executive Officer of the Prudential Authority (PA) from 1 April 2018), is a supervisory body in terms of Schedule 2 of the FIC Act.

In September 2018, the PA and the Financial Sector Conduct Authority (FSCA) entered into a Memorandum of Understanding, which delegated the supervision and regulation of compliance obligations of licensed life insurers in terms of the FIC Act from the FSCA to the PA.

The FIC Act mandates the supervisory body (i.e. the PA), in terms of section 45, to supervise and enforce compliance with the provisions of the FIC Act for AIs it supervises. Flowing from these responsibilities, the PA inspects AIs to assess whether they have appropriate and adequate money laundering and terrorist financing control measures in place that enable them to effectively comply with the provisions of the FIC Act.

It should be noted that the administrative sanctions were imposed because of weaknesses identified with regard to compliance with the provisions of the FIC Act by the aforementioned insurers, and not because the life insurers were found to have facilitated transactions involving money laundering or the financing of terrorism.

The administrative sanctions imposed in terms of section 45C(3) of the FIC Act are as follows:

Clientele Life Assurance Company Limited

A financial penalty of R200 000 and a caution not to repeat the conduct which led to the non-compliance was imposed for failure to comply with cash threshold reporting requirements as per section 28 of the FIC Act.

Hollard Life Assurance Company Limited

A caution not to repeat the conduct which led to the non-compliance was imposed for failure to comply with employee training requirements as per section 43 of the FIC Act.

Outsurance Life Insurance Company Limited

A caution not to repeat the conduct which led to the non-compliance was imposed for failure to comply with employee training requirements as per section 43 of the FIC Act.

The life insurers are cooperating with the SARB and have agreed to undertake the necessary measures to address the compliance deficiencies and control weaknesses. The financial penalty has been paid by Clientele Life Assurance Company Limited as per the imposed sanction.

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