



SOUTH AFRICAN RESERVE BANK
Prudential Authority

Media release
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3Sixty Life Limited: application for leave to appeal dismissed

3Sixty Life Limited (3Sixty Life) was registered as a life insurer in terms of the Long-term Insurance Act 52 of 1998 until its registration was subsequently converted to an insurance license issued in terms of the Insurance Act 18 of 2017 (Insurance Act) on 30 June 2020. 3Sixty Life is licensed to conduct life insurance business specifically in the life and funeral products for groups and individuals, as outlined in the Insurance Act.

3Sixty Life is domiciled in South Africa and is wholly owned by Doves Group Holdings (Pty) Limited, which is ultimately owned by NUMSA Investment Company (Pty) Limited.

The Prudential Authority (PA) became aware that 3Sixty Life had failed to maintain its business in a financially sound condition by not holding eligible own funds that are at least equal to the minimum capital requirement or solvency capital requirement, as prescribed, whichever is the greater. 3Sixty Life informed the PA that the failure was attributed to higher-than-usual claims experienced as well as a shortfall in its budgeted premium income, both as a result of the COVID-19 pandemic and related lockdown restrictions.

During 2021, the PA had numerous engagements with 3Sixty in an effort to gradually implement measures to return the insurer to financial soundness in order to meet legislative requirements and address the challenges the insurer had been faced with. This included a plan by the shareholder to recapitalise the insurer.

On 9 November 2021, the PA informed 3Sixty Life that if its recapitalisation plan had not materialised and its business had not returned to financial soundness by 1 December 2021, 3Sixty Life would be prohibited from taking on any new insurance business. In addition, 3Sixty Life was informed of further regulatory steps that could be taken by the PA should the recapitalisation fail.

3Sixty Life, however, failed to restore the business to financial soundness by the deadline of 1 December 2021, as prescribed by the PA.

In accordance with the powers granted to the PA in terms 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, the PA applied to the High Court of South Africa, Gauteng Division, Johannesburg (High Court of South Africa) on 21 December 2021, by way of an ex parte application, to place 3Sixty Life under provisional curatorship.

This order was granted, and with effect from 21 December 2021, 3Sixty Life's business, as contemplated in the Insurance Act, was placed under provisional curatorship by order of the High Court of South Africa.

Ms Yashoda Ram (who at the time was from BDO Advisory Services) was provisionally appointed as the curator of the business of 3Sixty Life, and the High Court of South Africa had issued specific directives to the curator to take immediate control of the business.

The High Court of South Africa initially set a return date of 12 April 2022, at which time 3Sixty Life or any other interested party could show cause why the provisional order, and the curator's powers, should not be made final.

The return date was anticipated by the Board of Directors (Board) of 3Sixty Life and brought forward to 22 March 2022. The High Court of South Africa thus, on 22 March 2022, heard from interested parties who opposed the confirmation of the provisional curatorship as well as from the PA, which requested confirmation of the curatorship. After this hearing, judgement in the matter was reserved.

On 30 September 2022 the High Court of South Africa delivered its judgment and granted the order confirming the curatorship of 3Sixty Life. The High Court of South Africa cancelled the appointment of Ms Yashoda Ram with effect from 30 September 2022 and appointed Mr Tinashe Mashoko of BDO Advisory Services as the final curator of 3Sixty Life with effect from 30 September 2022.

3Sixty Life submitted an application to appeal against the confirmation of the curatorship. As a result of the appeal, the High Court's order of 30 September 2022 was suspended by default.

The application for leave to appeal was heard by the High Court of South Africa on 4 November 2022. On 7 November 2022, the High Court of South Africa dismissed 3Sixty Life's application for leave to appeal, with costs.

On 8 November 2022, 3Sixty Life delivered another application for leave to appeal against the 30 September 2022 judgment to the Supreme Court of Appeal. The result of this application also suspends the order of 30 September 2022, by default. The PA also intends to oppose this application for leave to appeal.

Based on the information available, the PA remains of the view that the curatorship of 3Sixty Life is in the best interests of its policyholders. The PA will work together with the Financial Sector Conduct Authority (FSCA), which is responsible for the regulation of market conduct, and the curator to ensure 3Sixty Life's policyholders continue to be properly protected during this process.

The curatorship, in the PA's view, presents the most suitable and most effective mechanism to facilitate the orderly management of 3Sixty Life back to a position of financial soundness. With the appointment of the curator, the Board and management of 3Sixty Life were relieved of their powers and those vested in the curator.

At this stage, the business of 3Sixty Life will continue under the control of the curator.

3Sixty Life policyholders who have any concerns, claims-related queries and complaints may contact the curator at email address info@3Sixtylife.co.za.

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

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