



SOUTH AFRICAN RESERVE BANK

Prudential Authority

Frequently asked questions and answers Constantia Insurance Company Limited (CICL)

1. What does the liquidation mean for policyholders who have outstanding claims with CICL?

CICL is has been wound up due its inability to meet its financial obligations, including the settlement of outstanding claims to policyholders. This has negatively impacted the company's ability to make payment of amounts due but it to policy holders for claims and suppliers in the ordinary course.

The High Court of South Africa, Gauteng Division Johannesburg placed CICL in final liquidation on 14 September 2022 as a consequence of its insolvency. The Master of the High Court has appointed Liquidators to attend to the administration of the company's affairs and they will reach out to all the affected parties soon.

The processing of and payment of existing claims will be adversely affected by the insolvency proceedings, but the liquidators will advise all existing claimants soon on the steps they need to take as part of the insolvency proceedings to submit and prove their claims as part of the insolvency process.

All the CICL's unpaid claims will be considered in due course by the liquidators as part of the winding up process. Once the liquidators have considered and taken a view on the company ability to make payments (in whole or partially) of the existing claims this will be communicated to all existing claimants. This will include a validation and verification process of all the claims.

The liquidators have indicated that they will set up a designated email portal to communicate with all the affected parties and you are invited to visit the website: <https://www.constantia-group.co.za/cicl-liquidation/> where guidance will be provided on the registration of suppliers/claimants in the process.

2. Can I obtain a refund on my premiums paid to CICL?

CICL is currently licensed to conduct non-life (short-term insurance) business in the following classes of business: Motor, Property, Agriculture, Engineering, Aviation, Transport, Legal Expenses, Liability, Consumer Credit, Guarantee, Accident and Health, Travel and Miscellaneous.

CICL currently conducts non-life annual, monthly and term business. These policies

provide cover to the insured for the period stipulated. No premiums that were paid prior to the liquidation date will be refunded as CICL was on risk for cover during that period.

3. Do I still have insurance cover? When will my cover cease?

Policyholders are advised to take immediate steps to obtain alternative insurance cover. There is no guarantee that any insurance claims submitted against CICL will be paid either in part or in full. Policyholders may seek alternative cover either directly with another insurer or by contacting their insurance broker or accredited financial adviser who would be able to advise them on alternative insurance companies that are able to offer suitable cover

4. How long does the liquidation procedure take?

There is no set period for the liquidation process as there are several factors that influence the duration of the process. The CICL matter is significant in its magnitude and complexity and affected parties are requested to keep this in mind. The winding up and disposals of the underlying assets, the finalization of pending claims and the verification of claims documents will unfortunately take some time. The appointed liquidators will, once they have done an initial assessment be in a better position to provide guidance on the timelines and process for the liquidation.

5. Will my insurance claim lodged with CICL be considered? Why is it taking so long for my claim to be considered and paid? If I submit all my documentation to the liquidator, will I definitely get my claim paid out in full?

All claims will be considered and processed as part of the liquidation process and will be dealt with according to the laws of insolvency. Because CICL has been placed in liquidation, claims will need to be submitted and proven against the estate, in the required format – which will be published by the liquidator. The exact amount (dividend) that is awarded to each policyholder, as a concurrent creditor, will be dependent on the funds available for distribution to concurrent creditors in due course once the asset has been disposed of and will be calculated in terms of the insolvency and liquidation process.

6. Who do I contact to get my claim paid?

The liquidator will contact you soon and you can also visit the website link provided above.

7. Will the Prudential Authority submit my claims documentation for me?

The Prudential Authority (PA) will not be able to submit your documentation to the liquidator on your behalf. You may contact your broker or accredited financial adviser for assistance with this.

8. What documents are required for me to get my claim settled by the liquidator? Will the liquidator get in touch with policyholders who have outstanding claims?

You will need to contact the liquidator directly at the link provided above they will provide all the necessary documentation relating to your outstanding claim including the registration process you need to follow. This will include proof that your claim was accepted by CICAL (if available), including the value of the claim, and proof of any money (including excesses and/or storage costs) that you have paid towards your claim to date.

9. How can I ensure that my claim is prioritized so that I can get paid urgently?

All CICAL's unpaid claims will be considered by the liquidator at the same time as part of the liquidation process. Outstanding claims will be settled to the extent that they can be, once the liquidator is able to assess the total assets available to meet total monies owing to all creditors. The liquidator needs to ensure that all creditors (individuals and companies) are treated equally, and that no single creditor is preferred over another. Therefore, to ensure certainty regarding the status of your individual claim, your claim will be considered together with all other outstanding claims owing by CICAL. Unfortunately, the liquidator will not be able to prioritise your claim over those of other policyholders.

10. Why are insurance premiums still being deducted from my account if the insurer is insolvent? How can I get my premiums back if the insurer cannot settle my claims?

Please contact your broker to determine if the premium deducted from your account on 14 September 2022 was payable to CICAL or a new insurer. If your premium was paid to CICAL, this now forms part of CICAL's insolvent estate and will be dealt with by the liquidator. No further premiums should be paid to CICAL after the date of liquidation. Please ensure that you make the necessary arrangements with the banks and or financial advisor in this regard.

11. I have an outstanding claim with CICAL. My vehicle is currently at the panel beater. They are refusing to release my vehicle. What do I do? What do I do about panel beaters who are threatening to sell my vehicle? They have given us the option to settle the amount directly with them and then claim back from CICAL. Is this possible?

Panel beaters have entered into legal agreements with CICAL. In terms of these agreements, they have a legal right to hold on to vehicles if CICAL has not paid them money that is owing to them. In the meantime, if you are able and wish to pay a panel beater directly to secure the release of your vehicle, you are advised to retain proof of such payment (including proof of the original claim) to submit these for consideration by the liquidator. Similarly, if the panel beater is prepared to release your vehicle without payment, and you can get it repaired yourself, you are advised to retain proof of payment for the repairs (including proof of the original claim) in order to submit these for consideration by the liquidator.

12. Can the PA assist with negotiating preferential rates with a new insurer?

The PA is not able to negotiate terms and rates with individual insurers. You are advised to contact your broker or accredited financial adviser urgently to assist you with obtaining the best possible insurance cover on the most favourable terms with another insurer based on your individual needs and circumstances.

13. Who can I contact if I am not satisfied with the treatment of my claim by CICL?

We recommend that you obtain professional legal advice to understand your rights and options in this regard. Alternatively, you may contact the relevant Ombudsman's offices for assistance at no cost. The contact details are as follows:

OFFICE OF THE OMBUDSMAN FOR SHORT-TERM INSURANCE (OSTI)

Sharecall: 0860 726 890

Phone: 011 726 8900

Fax: 011 726 5501

Email: info@osti.co.za

Website: <https://www.osti.co.za>

OSTI is an independent, non-profit industry ombud scheme. It provides the insuring public and the short-term insurance industry with a free, efficient, and fair dispute resolution mechanism through an alternative dispute resolution process, applying the law and principles of fairness and equity. OSTI deals with personal and commercial short-term insurance disputes.

OSTI operates independently from both the Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) in its adjudication and dispute resolution processes.

OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS (FAIS OMBUD)

Tel: [012 762 5000](tel:0127625000)

Sharecall: [086 066 3274](tel:0860663274)

Email: info@faisombud.co.za

Website: www.faisombud.co.za

The main objective of the FAIS Ombud is to investigate and resolve complaints in terms of the Financial Advisory and Intermediary Services Act 37 of 2022 (FAIS Act) and the Rules promulgated under the FAIS Act. The FAIS Ombud deals with complaints submitted to the Office by customers against a financial services provider (FSP), for example, if you have a complaint against your broker or accredited financial adviser.

14. Where can I go for assistance to obtain alternative cover?

Policyholders may seek alternative cover either directly with another insurer or by contacting their insurance broker or accredited financial adviser who would be able to advise them on alternative insurance companies that are able to offer suitable cover.

15. Can CACL provide me with proof of cover for the period I was a CACL client and details of my cover?

Yes. Policyholders can request proof of past cover and a copy of their benefit schedules directly from the liquidator.

16. What is the PA doing to protect policyholders who are affected by the liquidation?

The PA will make every endeavour to work closely with the liquidator to find the most efficient and effective way to deal with outstanding claims, in the interests of policyholders.