



SOUTH AFRICAN RESERVE BANK

Prudential Authority

## **Media release**

**15 September 2022**

### **Order granted for the final winding up (liquidation) of Constantia Insurance Company Limited**

1. Constantia Insurance Company Limited (CICL) is licensed in terms of the Insurance Act 18 of 2017 (Insurance Act) to conduct non-life insurance business as outlined in the Insurance Act.
2. CICL was placed under provisional curatorship on 26 July 2022. Mr Ashish Desai of Deloitte & Touche was appointed as the provisional curator of the business of CICL and Mr Gerdus Dixon, also of Deloitte & Touche, was appointed as the alternate curator.
3. The provisional curatorship order (the order) directed the curator to consider the best interest of the policyholders whose insurance policies are held and/or administered by and through CICL. Further to this, the order directed the curator to exercise the powers vested in him with a view to conserving the business and not, without leave of the Prudential Authority (PA), alienate or dispose of any of the property of CICL.
4. The order also directed and authorised the curator to, at any time during the term of his office, report to the PA should he deem it necessary or expedient that an application be made to the High Court for the liquidation of CICL.
5. The provisional curator provided reports to the PA dated 5 August 2022 and 11 August 2022. The reports indicated that CICL was in a markedly worse position as was reported by CICL to the PA as part of its solvency reporting on 11 July 2022. The curator's report also indicated that CICL is technically insolvent as its liabilities far exceeded its assets.
6. This significant deterioration in the financial position of CICL was mainly as a result of the non-renewal of CICL's solvency quota share reinsurance treaty, effective from 1 July 2022. It must be emphasised that the solvency position reported as at 11 July 2022 included the solvency quota share reinsurance treaty being portrayed as if the treaty were effective and CICL took capital relief on its statutory capital position.

7. The significant deterioration in the financial position made it difficult for the curator and his team to get potential investors to commit to recapitalising the business of CICL, as envisaged when the application for curatorship was made. The required capital to ensure the continued existence of the business drastically increased.
8. Considering the above, the curator, acting in accordance with the order, made a recommendation to the PA for the urgent liquidation of CICL. Considering that CICL is factually insolvent, with no offers from investors to recapitalise the business, the PA accepted the recommendations of the curator, and both the PA and the curator lodged an urgent application on 30 August 2022 to the High Court of South Africa, Johannesburg, for the liquidation of CICL. On 14 September 2022, the High Court issued an order placing CICL under final liquidation.
9. The Master of the High Court will appoint a liquidator in due course and these details will be released accordingly.
10. The PA believes that the urgent liquidation of CICL is in the best interest of all policyholders of CICL. The liquidation of CICL, aside from the business being factually insolvent, is to prevent the rapid worsening of the liquidity position of CICL and the further accumulation of additional liabilities, including policyholder liabilities, and to ensure the best possible outcomes for all policyholders.
11. The appointed liquidator will provide further instructions to all creditors, including policyholders with active claims, as to the next steps in the process.

**Issued by:**  
**SARB Media Relations**  
[media@resbank.co.za](mailto:media@resbank.co.za)