



SOUTH AFRICAN RESERVE BANK
Prudential Authority

Media release

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South African Reserve Bank imposes administrative sanctions on Monarch Insurance Company Limited

The South African Reserve Bank (SARB) has imposed administrative sanctions on Monarch Insurance Company Limited (Monarch) as a result of its non-compliance with the provisions of the Financial Intelligence Centre Act 38 of 2001 (FIC Act), following a FIC Act inspection conducted in 2022.

The Prudential Authority (PA), operating within the administration of the SARB, is mandated to supervise and enforce compliance by accountable institutions with the provisions of the FIC Act or any order, determination or directive made in terms thereof.

The administrative sanctions imposed on Monarch are as a result of its failure to comply with certain provisions of the FIC Act and consists of a reprimand, two cautions and a total financial penalty of R1 million, of which R200 000 was conditionally suspended for 36 months as from 10 June 2024.

The administrative sanctions imposed on Monarch stem from the following non-compliance:

- a. Monarch failed to comply with its registration obligations in terms of section 43B of the FIC Act, in that it failed to register with the Financial Intelligence Centre (FIC) as an accountable institution.

The PA imposed a reprimand in terms of section 45C(3)(b) of the FIC Act.

- b. Monarch failed to comply with its training obligations in terms of section 43 of the FIC Act, in that it failed to provide ongoing anti-money laundering and combating the financing of terrorism (AML/CFT) compliance training to its employees.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R500 000, of which R100 000 was conditionally suspended for 36 months.

- c. Monarch failed to comply with section 42 of the FIC Act, in that it failed to adequately develop and implement its Risk Management and Compliance Programme (RMCP), including to:
- i. develop, document, maintain and implement an RMCP;
 - ii. identify, assess, monitor, mitigate and manage its money laundering and terrorist financing risks; and
 - iii. approve its RMCP.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R500 000, of which R100 000 was conditionally suspended for 36 months.

The PA confirms that Monarch cooperated with the PA during the process and undertook the necessary remedial action to address the identified compliance deficiencies and control weaknesses.

The PA iterates that the administrative sanctions imposed on Monarch are not due to it having any involvement in and/or facilitating any transactions relating to money laundering or the financing of terrorism.

Issued by SARB Media Relations

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