



SOUTH AFRICAN RESERVE BANK
Prudential Authority

Media release

Friday, 23 October 2020

Order granted for the provisional curatorship of Nestlife Assurance Corporation (RF) Limited

1. Nestlife Assurance Corporation (RF) Limited (Nestlife) was registered as a life insurer in terms of the Long-term Insurance Act 52 of 1998, on 19 October 2004, until its license was subsequently converted to an insurance licence, issued in terms of the Insurance Act 18 of 2017 (Insurance Act) on 30 June 2020. Nestlife was licenced to conduct life insurance business in respect of the risk, credit life and funeral classes of business, as outlined in the Insurance Act.
2. Nestlife is domiciled in South Africa and is wholly owned by Phakama Investment Holdings (Pty) Ltd, which is ultimately owned by the HV Sithole Family Trust.
3. Following the implementation of the Insurance Act, on 1 July 2018, Nestlife's financial soundness position was significantly impacted, and its solvency capital requirement declined below the prescribed minimum regulatory requirement. Since 2018, the Prudential Authority (PA) has engaged actively with Nestlife in an effort to gradually implement measures and restructure its operations in order to comply with the legislation and address the challenges the company has been faced with.
4. On 9 July 2019, the PA gave Nestlife 365 days to meet its solvency capital requirements and to restore the financial soundness of the company in line with the requirements of the Insurance Act. Nestlife, however, failed to restore the financial soundness of the company by the deadline of 8 July 2020 as prescribed by the PA.

5. In accordance with the powers granted to the PA and in terms of the Insurance Act, the PA applied to the High Court of South Africa, Gauteng Local Division, Johannesburg, on 20 October 2020, by way of an *ex parte* application to place Nestlife under curatorship.
6. With effect from 21 October 2020, Nestlife's insurance business, as contemplated in the Insurance Act, has been subsequently placed under provisional curatorship by order of the High Court of South Africa, Gauteng Local Division, Johannesburg. The curatorship application was made in accordance with the provisions 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 (FIA).
7. Mr Peter Withey of KPMG Services (Pty) Ltd has been provisionally appointed as the curator of the business of Nestlife, and the court has issued specific directives to the curator to take immediate control of the business of Nestlife.
8. Based on the information available, the PA is of the view that the curatorship of Nestlife is in the best interests of its policyholders – due to the insurer's non-compliance with the minimum capital requirement and the solvency capital requirement, as prescribed in the Insurance Act.
9. The curatorship presents the most suitable and most effective mechanism to facilitate the orderly management of Nestlife. With the appointment of the curator, the current board of directors and management of Nestlife are relieved of their powers and these are now vested in the provisionally appointed curator.
10. The curator will prepare a report to the High Court of South Africa. The report will include details of the financial soundness, assets, liabilities, minimum capital requirement and the solvency capital requirement of Nestlife, as well as the status of any business conducted by Nestlife and associated companies, any irregularities committed by Nestlife, and steps to be taken to safeguard the interests of its policyholders.

11. At this stage, the business of Nestlife will continue as usual under the control of the curator who will furnish further information to the public over the next two weeks.
12. Nestlife policyholders with any concerns may contact the curator, Peter Withey at email address info@nestlife.co.za, or telephone number 011 268 1311. Any claims related complaints may also be addressed to the curator at the aforementioned email address and telephone number.
13. The PA would like to assure the public that the South African insurance sector remains safe, sound and adequately capitalised.

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