

Notice of the suspension of a licence in terms of section 27(1) of the Insurance Act, 2017 (Act No. 18 of 2017) (Nestlife Assurance Corporation Limited)

It is hereby made known under section 27(1)(c) of the Insurance Act, 2017 ("Insurance Act"), that Nestlife Assurance Corporation Limited ("Nestlife") has been suspended by the Prudential Authority (PA) from carrying on any new insurance business, with effect from 19 May 2020.

Reason for suspension

The reasons for the decision to suspend the license of Nestlife include the following:

- (a) Failure by Nestlife to comply with section 36(1) of the Insurance Act, which requires that an insurer must at all times maintain its business in a financially sound condition, by holding eligible own funds that are at least equal to the minimum capital requirement or solvency capital requirement, as prescribed, whichever is the greater; and
- (b) Failure by Nestlife to adhere to the recapitalisation strategy as accepted by the PA in terms of section 39(6)(a) of the Insurance Act.

Terms attached to the suspension

The terms attached to the suspension are that Nestlife:

- (a) is prohibited from entering into new insurance policies. Nestlife is required to continue to conduct the insurance business for which it was licensed in respect of insurance policies entered into before the effective date of the suspension;
- (b) must furnish the PA with proof that additional capital has been injected into Nestlife, as well as provide confirmation from the Head of Actuarial function of

Nestlife that the insurer does meet the financial soundness requirements in terms of section 36(1) of the Insurance Act; and

- (c) must inform all affected clients and product suppliers concerned that its license has been suspended, and the PA must be copied in such correspondence.

In terms of section 28(3) of the Insurance Act, subsequent to suspending the licence of an insurer, the PA may:

- (a) If the insurer remedies the circumstances that informed the suspension to the satisfaction of the PA within a reasonable period, revoke the suspension and, if appropriate, vary the licence conditions of the insurer; or
- (b) Withdraw the licence.

In terms of sections 126(1)(a) and 126(2)(b) of the Financial Sector Regulation Act 9 of 2017, a financial sector regulator may not suspend the licence of a financial institution without the concurrence of the other financial sector regulator. The Financial Sector Conduct Authority (FSCA) concurred with the decision of the PA to suspend Nestlife's insurance licence.



Kuben Naidoo
Deputy Governor and CEO: Prudential Authority

Date: 2020-08-12