

Bophelo Life curatorship "in best interest of policy holders"

The provisional curatorship of life insurer Bophelo Life Insurance Company Limited (Bophelo Life) is in the best interest of its policy holders, says the Reserve Bank's Prudential Authority (PA).



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"Based on the information available, the PA is of the opinion that the curatorship of Bophelo Life is in the best interest of its policyholders due to the long-term insurer's non-compliance with the minimum capital requirement and the solvency capital requirement, as prescribed in the Insurance Act," said the PA on Tuesday.

The PA, which is responsible for regulating banks, insurers, cooperative financial institutions, financial conglomerates and certain market infrastructures, said the curatorship presents the most suitable and most effective mechanism to facilitate the orderly management of Bophelo Life.

True South Actuaries and Consultants (Pty) Limited (True South) has been appointed as the provisional curator for the entire business of Bophelo Life, subject to the control of the PA.

"Francois Hugo and Paul Zondagh have been appointed as True South's representatives to manage the affairs of Bophelo Life, with the interests of its policyholders and creditors in mind," said the regulator.

Registered in April 2014, Bophelo Life -- which is registered to conduct business in respect of the assistance, disability, health and life classes of long-term policies, as outlined in the Long-term Insurance Act -- experienced increasing financial soundness challenges from the first quarter of 2018.

Following the South African Reserve Bank placing VBS Mutual Bank (VBS) under curatorship, Bophelo Life's financial soundness position was significantly impacted due to intragroup transactions with VBS.

In April 2018, the PA issued Bophelo Life with a section 12(1) notice prohibiting Bophelo Life from writing any new business due to its inability to continue to meet its registration conditions.

Bophelo Life was subsequently placed under provisional curatorship by order of the High Court on 6 November 2018.

The curatorship application was done 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.

"The curatorship presents the most suitable and most effective mechanism to facilitate the orderly management of Bophelo Life. With the appointment of the curator, the current board and management are relieved of their powers and these are vested in the curator," said the PA.

Meanwhile, the curator will prepare a report to the High Court of South Africa that will include details of the financial soundness, assets, liabilities, minimum capital requirement and the solvency capital requirement of Bophelo Life, as well as the status of any business conducted by Bophelo Life and associated companies.

"The PA wishes to assure the public that the South African insurance sector remains safe, sound and adequately capitalised," the authority said

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