

FSB Fines Assupol R500 000 for Long-term Insurance Act Contravention

The Registrar of Long-term Insurance (the Registrar) referred a case against Assupol Life Limited (Assupol) to the Enforcement Committee of the Financial Services Board.

During the period August 2014 to June 2016 Assupol remunerated its independent intermediaries by way of permitting them to share in underwriting profits in contravention of section 49 of the Long-term Insurance Act 52 of 1998 (the Act).

Further, during the period 20 June 2012 until 13 July 2015 Assupol contravened Rule 16.1 of the Policyholder Protection Rules (PPRs) issued under the Act by rejecting claims without advising policyholders in its notice of rejection of their rights as stipulated in Rule 16.1. In particular, Assupol failed to inform its policyholders of:

- Their right to lodge a complaint under the Financial Services Ombud Schemes Act, 2004 (Act 37 of 2004); and
- The time limitation for the institution of legal proceedings.

As aggravating factors the Registrar considered, amongst other factors, that Assupol failed to exercise proper oversight over its outsourced functions and that its failure to comply with the PPRs had the potential of causing prejudice to the policyholders whose claims were rejected. In mitigation the Registrar took into account, amongst other factors, that Assupol admitted the contravention, co-operated with the Registrar's investigation and the subsequent enforcement action, and undertook to implement measures to prevent similar contraventions from recurring and to address the oversight problems.

Consequently, the Registrar agreed to a penalty of R500 000, which penalty was imposed by the Enforcement Committee on Assupol on 13 April 2017.

Note to editors

The Enforcement Committee is an administrative body that came into operation on 1 November 2008, and was created in terms of section 10(3) of the Financial Services Board Act, 1990. The Enforcement Committee may impose administrative penalties, compensation orders and cost orders on respondents that are found to have contravened any law administered by the Financial Services Board.

-Ends-



Enquiries: Ms Tembisa Marele
Communications Specialist
Financial Services Board
Email address: Tembisa.Marele@fsb.co.za
Telephone: 012 428 8025
083 754 2052

