



SOUTH AFRICAN RESERVE BANK  
Prudential Authority

## Media release

5 July 2024

### **South African Reserve Bank imposes administrative sanctions on Safrican Insurance Company Limited**

The South African Reserve Bank (SARB) has imposed administrative sanctions on Safrican Insurance Company Limited (Safrikan) 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 2020.

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 Safrican are as a result of its failure to comply with certain provisions of the FIC Act and consists of three cautions and a total financial penalty of R13 million, of which R6 million was conditionally suspended for 36 months as from 10 June 2024. The administrative sanctions imposed upon Safrican stem from the following non-compliance:

- a. Safrican failed to comply with its customer due diligence obligations in terms of sections 21(1) and/or 21A to 21H of the FIC Act, in that it failed to adequately conduct customer due diligence and enhanced due diligence on sampled active customer relationships, including domestic prominent influential persons.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R10 million, of which R5 million was conditionally suspended for 36 months.

- b. Safrican failed to comply with its record-keeping obligations in terms of sections 22 and/or 23 of the FIC Act, in that it failed to keep records of the sampled client files.

The PA imposed a caution not to repeat the conduct which led to the non-compliance.

- c. Safrican 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, including:
- i. an inadequate reflection on the identification and assessment of risk linked to the risk rating matrix;
  - ii. the failure to evidence that a documented methodology and/or step-by-step working method was applied to identify and assess money laundering and terrorist financing (ML/TF) risks; and
  - iii. the failure to sufficiently consider risk factors such as client ML/TF risk, geographical risk, product risk, delivery channel risk, and anti-money laundering and combating the financing of terrorism (AML/CFT) information technology, AML/CFT risks linked to systems utilised.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R3 million, of which R1 million is conditionally suspended for 36 months.

Safrican cooperated with the PA and has since remedied the identified compliance deficiencies and control weaknesses.

The administrative sanctions imposed on Safrican 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**

[media@resbank.co.za](mailto:media@resbank.co.za)