



South African Reserve Bank

Prudential Authority

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**ADMINISTRATIVE PENALTY ORDER**  
**ISSUED IN TERMS OF SECTION 167(1) OF THE FINANCIAL SECTOR**  
**REGULATION ACT, 2017 (ACT NO. 9 OF 2017)**

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The Prudential Authority hereby imposes an administrative penalty of R7 645 000 (seven million six-hundred and forty-five thousand rands) in terms of section 167(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSRA) on Escap SOC Limited.

The amount of R 7 645 000 (seven million six-hundred and forty-five thousand rands) must be paid within 14 days from the date of this order.

The penalty arises from the following contraventions of the Insurance Act No. 18 of 2017 (Insurance Act), the Prudential Standard GOI 2: Governance of Insurers, as well as the Prudential Standard GOI 5:

Business other than Insurance

- a) Escap conducted business other than insurance business without the approval of the Prudential Authority (PA) and was thus in contravention of section 5(4) of the Insurance Act.

Outsourcing of a material function

- a) Escap contravened section 4.10 of the Prudential Standard GOI 5 due to their failure to notify the PA of the outsourcing of a material function.

- b) Escap contravened section 8.1 of the Prudential Standard GOI 5 due to their failure to have a contract for outsourcing of a material business activity in writing.
- c) Escap contravened sections 9.1, 9.2 and 9.3 of the Prudential Standard GOI 5 due to their failure in the management and review of their outsourcing arrangement.
- d) Escap failed to adopt, implement and document an effective governance framework in terms of section 30(1)(a) of the Insurance Act by outsourcing a material business activity without the contractual requirements (agreement and service level agreement) per paragraph 8 of the Prudential Standard GOI 5 being in place, and with no proper oversight from the Board.

Floater policy

- a) Escap further contravened section 31(1) of the Insurance Act for its failure to have procedures in place to identify any non-compliance with section 30(1) of the Insurance Act.
- b) Escap contravened section 8.2(f) of the Prudential Standard GOI 2 due to the failure of the board to provide oversight over senior management to ensure that senior management was managing the affairs of the insurer in accordance with the strategies and policies set by the board of directors.

In determining the appropriate administrative penalty, the PA considered the factors as set out in section 167(2) of the FSRA.

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**Fundi Tshazibana**  
**Chief Executive Officer**

**Date:**