



# MINISTRY OF FINANCE

## REPUBLIC OF SOUTH AFRICA

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### **STATEMENT BY THE MINISTRY OF FINANCE ON THE RECENT DISPUTE BETWEEN THE LIFE OFFICERS' ASSOCIATION AND THE PENSION FUND ADJUDICATOR**

The Minister of Finance expresses his concern about the ongoing attack on the Pension Fund Adjudicator (PFA) by the Life Officers' Association (LOA) in reaction to recent PFA rulings.

The Ministry strongly condemns the manner in which the LOA has chosen to undermine the integrity of the PFA through its confrontational public statements. The Office of the Pension Fund Adjudicator is an important public entity established by statute, specifically mandated with the protection of rights of the thousands of retirement fund members. The Ministry has full confidence in the integrity and the abilities of Mr. Vuyani Ngalwana, the Pension Fund Adjudicator. It is imperative that all stakeholders in the financial sector respect the integrity of the institution, and make use of the institutional processes available to them when seeking to challenge PFA rulings.

The comments attributed to the Financial Services Board (FSB) by the LOA are also mischievous, as pointed out separately by the FSB in a statement in which it reaffirms its support for the independent role and processes of the PFA.

The Ministry shares the concern raised by the PFA regarding weaknesses in the system of consumer protection in those sectors of the long term insurance industry that are outside the jurisdiction of the PFA. It is important that similar standards of

regulation and supervision are applied consistently across all segments of the financial sector. This area is currently under review by the National Treasury and the FSB, to ensure that our policy is designed to protect consumers through enhanced market conduct regulation and continued financial stability.

Certain aspects of the PFA's determinations are currently the subject of judicial review by the High Court. Irrespective of the outcome of this judicial process, it is clear from the determinations of the PFA that there are a number of problems in the long term insurance sector that require an adequate response from the industry. The National Treasury and the FSB are currently examining reform proposals relating to cost structures and penalty charges in the retirement fund industry.

The statements by the LOA are doubly damaging in that they not only question the integrity of a public institution tasked with the protection of consumers, but by doing so also create the impression that the long term insurance industry does not concern itself with issues of equity and fairness. Not only does the Ministry call upon individual members of the insurance sector to distance themselves from the LOA comments, but also calls upon the industry to come forward with clear proposals on reforms that address both existing insurance policies and those issued in the future.

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